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US BANKING
Hurdles remain on the road to reform
Page 4

World News

Britain to tighten curbs on asylum seekers

British home secretary Kenneth Baker yesterday announced measures to limit the influx of refugees into the UK. He said the government had been driven to act because the number of asylum seekers had surged from 5,000 in 1988 to over 30,000 last year.

Last year 500,000 people applied for asylum in Europe, he said, and numbers of this kind could not be sustained.

Under the proposed legislation, asylum seekers who failed to ask for protection in the first safe country they reached would be sent back to that country to have their application dealt with. Page 14

Japanese arrests
Another shock hit Japan's business world with the arrest of four businessman suspected of defrauding two trading companies of Y3.4bn ($25.6m) using a series of fictitious steel transactions. Page 14

Lebanon offensive
Lebanese government troops captured five villages in the Palestine Liberation Organisations' last big stronghold. By evening, the government said its troop deployment in and around the port of Sidon was complete. Page 14

Belgium backs Poland
Belgium said it would back Poland's bid to join the European Community as soon as the fledgling democracy was strong enough to meet the responsibilities.

Maradona 'guilty plea'
Argentine football star Diego Maradona will admit charges of using and supplying cocaine in the hope of reducing his sentence, his lawyer told a Naples court. The trial was adjourned until September 18.

Mandela accuses whites
Nelson Mandela accused South Africa's white government of talking peace while waging war. But at the African National Congress conference, he strongly defended the ANC's policy of negotiating with Pretoria. Page 14

Kashmir elections
Prime minister Mumtaz Hussain Rathore of Pakistan-ruled Kashmir declared last weekend's regional elections void. He alleged they were rigged to defeat his party.

Cameroon crackdown
Hundreds of men have been detained in the Cameroon port of Douala to stop them joining anti-government protests, opposition sources said. Over 40 people have died in recent violent protest against President Paul Biya.

Triad gang broken
Hong Kong police arrested 16 triad gang members who had been extorting money from minibus drivers.

Aids toll rises
Five thousand more cases of Aids were officially reported in June, bringing the world total to 371,802, the World Health Organisation said. The US total is nearing 180,000.

Post for US academic
David VandeLinde, dean of Johns Hopkins University school of engineering in Baltimore is to become vice-chancellor of the University of Bath, next summer.

McEnroe bows out
Ex-champion John McEnroe was beaten in straight sets by defending champion Stefan Edberg in the fourth round men's tennis singles at Wimbledon.

Lee Remick dies
Hollywood actress Lee Remick, nominated for an Oscar for her role in "Days of Wine and Roses," died of cancer aged 55.

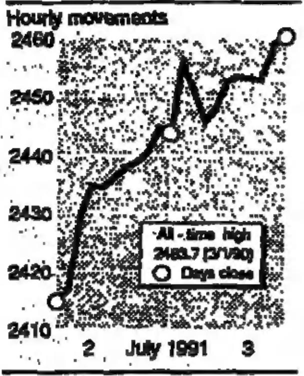
Business Summary

Dollar hits 20-month high against the D-Mark

The dollar touched a 20-month high against the D-Mark, as the currency benefited from optimism about an upturn in the US economy and worries related to the turmoil in Yugoslavia.

The US currency closed last night in London at DM1.8345, up more than 1 pfennig, after earlier reaching DM1.8370, its highest level since November 1989. Sterling finished in London more than 1 cent down against the dollar at $1.6020. Against the D-Mark, it was virtually unchanged at DM2.94. Currencies, Page 34

FT-SE 100 Index



ABN Amro, the Dutch bank, is taking full control of European American Bank of New York by buying out its last two remaining partners, Société Générale of France and Creditanstalt Bankverein of Austria. Page 15

ADIDAS, German sportswear group controlled by Mr Bernard Tapie, announced the sale of Pony International, one of its sports shoe companies, to Pentland Group, the UK consumer products company. Page 15

GENERAL ELECTRIC Company of the UK reported a 6.2 per cent fall in 12-monthly pre-tax profits to $1.34bn and declared a full-year dividend of 9.25p, the same as last year. Lord Weinstock, managing director since 1963, said he could not remember the last time GEC failed to increase its dividend. Page 15

OLIVETTI, Italian electronics group, yesterday pulled out of a rescue plan for SMT-Goupil, France's last remaining independent maker of microcomputers. The move makes it likely that the group will face liquidation on or after July 11, the deadline by which the company's judicial administrator must decide whether a rescue is possible. Page 15

AIRLINE industry has lost $2.5bn on international scheduled services so far this year because of the economic recession and the collapse of air travel during the Gulf war, Gunter Eser, director general of the International Air Transport Association, said. Page 3

EAST GERMANY'S largest oil refinery at Schwedt, 70km north-east of Berlin, has been sold to two German groups, with French and Italian companies being given a minority participation. Page 3

MARRIOTT, US lodging and contract services group, hit by the recession and the continued oversupply of hotel space in the first half, saw net profits slide to just $37m in the first half of 1991, compared with $74m in the same period a year earlier. Page 17

SHELL OIL, US unit of the Royal Dutch Shell group, the Anglo-Dutch oil company, announced it will cut its US workforce by 10-15 per cent as part of an ongoing restructuring process. Page 17

WORLD ECONOMY: A UN economic survey predicted zero growth in the world economy as a whole this year with output in the Soviet Union and eastern Europe plunging by 10 per cent alone. But production was expected to rebound in 1992 by 2 per cent.

US cyanide shipped to Iraq despite warnings to CIA

By Alan Friedman and Lionel Barber in Washington

AN IRAQI businessman who helped to build a chemical weapons factory in Libya set up a plant in Florida in 1989 to manufacture a lethal cyanide compound and shipped it illegally to Iraq.

The plant was allowed to go ahead despite repeated warnings to the Central Intelligence Agency about its activities.

The plant was built in 1989 by Mr Ihsan Barbouti, a London-based Iraqi businessman, ostensibly to manufacture food flavouring from fruit pips. The cyanide, a by-product of the process, is an ingredient in the making of nerve gas. US officials investigating the Florida plant believe the process may have been intended for President Saddam Hussein's chemical weapons programme.

Mr Barbouti was identified in January 1989 by the Reagan administration as the "linchpin" of the chemical weapons plant at Rabta commissioned by Col Muammer Gadaffi, the Libyan leader. At the time, contingency plans were drawn up by the Pentagon to bomb the plant.

A warrant for Mr Barbouti's arrest was issued in Germany two weeks before his death of a heart attack in London in July last year. A German businessman was jailed in 1990 for five years after admitting that his company, Imhausen-Chemie, worked with Mr Barbouti on the Rabta plant.

Several of Mr Barbouti's employees and associates in the US made repeated efforts to warn the CIA and other government agencies of their suspicion that the Florida plant's real purpose was as a pilot chemical weapons project to produce cyanide for use in making nerve gas.

No official US search of the plant took place until March this year, three weeks after the end of the Gulf war. By that time it had ceased operating.

Federal investigators have told a joint investigation by the Financial Times and ABC News/Nightline that around seven barrels of cyanide may have been shipped to Iraq from the plant in Boca Raton, Florida in the autumn of 1989, without an export licence.

US officials have been told that the illegal cyanide export followed a circuitous route from Florida to Texas by truck and then to the port of Baltimore by ship. It was then shipped to Iraq via the port of Aqaba in Jordan labelled as the personal effects of an Iraqi diplomat.

The container for the cyanide, was ordered by a second secretary at the Iraqi embassy in Washington according to an arms dealer who has had extensive dealings with CIA and who claims he was involved in the deal.

Mr William Webster, CIA director, received warnings about Mr Barbouti's US activities beginning in spring of 1988.

Mr Robert Gates, President Bush's nominee to replace Mr Webster as CIA director, served as his deputy until January 1989. The issue of the CIA's knowledge of Mr Barbouti's activities is expected to arise at Mr Gates's Senate confirmation hearings this month.

Sinister alchemy, Page 4

Fighting spreads to Croatia as Slovenia witnesses more violence

Yugoslav general threatens rebel republics with war

By Laura Silber in Belgrade and Judy Dempsey in Ljubljana

THE YUGOSLAV crisis deepened last night as fighting spread to Croatia and the country's top military leader made a virtual declaration of war on the rebel republic of Slovenia.

The chief of staff of the Yugoslav federal army also criticised his official masters in the federal government for their attempts to bring about a negotiated settlement with the breakaway republics.

In a surprise appearance on Belgrade television, General Bjagoje Adzic, a hard-line Serb, said: "We had to accept a war [with the rebel republics] that was imposed on us for the defence of our country. We will make sure that the war that has been forced upon us will be as brief as possible."

The general, whose family was killed by Croat fascist forces during the Second World War said: "We responded fiercely to attacks today and we will force the enemy to respect the ceasefire and cease its arrogant behaviour."

By criticising the federal government and describing Slovenia as the enemy, the general gave credence to reports that the military was now out of political control and waging its own war.

The deepening Yugoslav crisis will be discussed today at a meeting in Prague of senior officials from the 35 Conference of Security and Co-operation in Europe (CSCE) states, who are testing out a newly created mechanism for trying to defuse crises in member countries.

In Croatia last night, federal army units opened fire with machine guns on a crowd of Croats who had attacked tanks with Molotov cocktails. Reports from the Associated Press news agency said the shooting took place outside the Marshall Tito barracks in the Croatian capital Zagreb after a crowd of about 1,000 began hurling missiles at a column of 20 tanks moving out of the barracks.

The Croatian violence followed another day of heavy fighting in Slovenia, much of it along the border with Austria. Slovenia offered to freeze its declaration of independence for three months and called for a renewed ceasefire from yesterday afternoon.

Slovenia's Ministry of Information said the federal air force had bombed several strategic targets in the republic. It reported bombing of the town of Dravograd, close to the Austrian border, damage to three radio transmitters at Kravec Nano, respectively south and north of the Slovene capital Ljubljana, and at Kum in eastern Slovenia.

The capital was brought to a standstill for a time as army fighters swooped in and slightly damaged the city's castle where anti-aircraft rocket launchers are based.

The federal army said seven people had been killed and thirteen wounded in clashes across the Slovenia during the day.

At least 70 Yugoslav army personnel and civilians are believed to have been killed since fighting started last Wednesday.

Today's Prague meeting of CSCE officials had been called to discuss sending observers to monitor any ceasefire and discuss other means of mediating in the conflict.

Both Mr Hans Dietrich Genscher, the German foreign minister, and Luxembourg foreign minister Mr Jacques Poos believe any such observers would be civilian rather than military.

British officials were not optimistic of a quick solution to the crisis and forecast that a series of peace missions to the country would be needed to find agreement acceptable to all parties in the multi-ethnic federation.

One British official said: "The [federal] army doesn't appear to be under political control and the practical problems of disengagement are intense."

Meanwhile in Belgrade, deputies in Serbia's parliament called for the formation of a Serbian army, while the army continued its call up of reservists from Serbia and Bosnia-Herzegovina.

War in the air; Bombs – or grenades fall; Bank's warning; CSCE seeks solution, Page 2

Helping hand: A Yugoslav soldier supports a wounded comrade after a clash with Slovene militia yesterday

Gorbachev backs new democratic movement

By John Lloyd in Moscow

MR Mikhail Gorbachev gave the first hint yesterday that he might leave the Communist party, when he offered qualified support for a new social democratic movement in the Soviet Union.

The Movement for Democratic Reform was formally launched on Monday by leading Soviet liberals, including Mr Eduard Shevardnadze, the former foreign minister. It plans to hold a congress in September and is counting on support from the reformist wing of the Communist party. A split in the Communist party now seems inevitable.

Asked if Mr Gorbachev could in future ally himself with the movement, Mr Vitaly Ignatenko, the presidential spokesman, gave the qualified response: "Mikhail Sergeyevich (Gorbachev) will stay as leader of the Communist party as long as he thinks it necessary."

Mr Ignatenko said Mr Gorbachev viewed the attempt to start a new party as a "positive step." He added that the Soviet president had been kept informed of the movement's creation, but avoided saying that its initiation had been approved in advance by the president.

Three of the movement's founding members – Mr Shevardnadze, Mr Alexander Yakovlev, the former Politburo member and now aide to Mr Gorbachev, and Mr Arkady Volsky, president of the Scientific Industrial Association which unites a number of important enterprises – remain close to Mr Gorbachev.

The new movement will not

Continued on Page 14

Economic chaos, Page 2

American Airlines drops idea of link with Sabena

By Paul Betts, Aerospace Correspondent, in London

AMERICAN AIRLINES, the largest US carrier, has dropped out of the bidding for a large minority stake in Sabena, leaving British Airways as the front-runner to forge a strategic partnership with the Belgian national airline.

Mr Robert Crandall, American's chairman, said yesterday that his company was no longer in discussions with Sabena. He confirmed that talks had been held but said "no substance came out of them". This clears the way for BA to complete a shareholding agreement with Sabena.

BA declined to comment on the state of negotiations with Sabena. Mr Pierre Godfroid, the Belgian airline's chairman, has indicated in recent weeks that he favours a link with BA and that an agreement could be reached before the end of this month.

Sabena has also held talks with Air France and Scandinavian Airlines System, as well as American, over a possible partnership deal.

An earlier attempt by BA and KLM Royal Dutch Airlines to form a partnership with Sabena collapsed at the beginning of this year. This was in part due to European Commission regulatory objections, but also because BA felt increasingly uncomfortable with the deal's original structure and Sabena's mounting financial losses.

The original deal involved BA and KLM investing in a new airline subsidiary of Sabena. The new agreement calls for BA to buy a large minority stake in the Sabena parent company.

The Belgian government has agreed to recapitalise Sabena with $1bn in state aid, about half to wipe off debt and half to restructure. The EC is expected to approve the recapitalisation provided the Belgian government agrees to open Brussels airport to more competition.

BA has long been interested in an alliance with Sabena to develop Brussels as a new European hub and strengthen its European operations.

Mr Crandall claimed that a link between BA and Sabena would be favourable to American if Brussels became a more active centre for international aviation.

He also confirmed that American was assisting TEA, the independent Belgian charter airline, in developing new scheduled services from Brussels.

In the past, TEA has criticised Sabena and opposed its aborted venture with BA and KLM. However, it now appears to be more favourable to a revised BA-Sabena deal, provided this helps to open up Belgian skies.

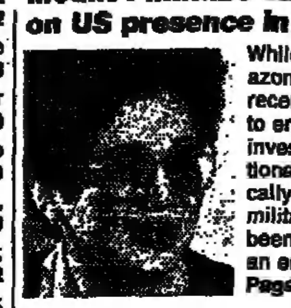
American yesterday launched its new transatlantic services from London's Heathrow airport as part of a $2bn expansion of its UK transatlantic services.

It expects to operate 206 weekly flights to the US from eight European countries by the middle of July making it the largest carrier over the North Atlantic.

American dreams, Page 18

CONTENTS

Mount Pinatubo casts shadow on US presence in Philippines



While President Corazon Aquino has recently signed a law to encourage foreign investment, the intentions of the economically important US military have been been put in doubt by an erupting volcano Page 6

MARKETS

STERLING
New York lunchtime:
$1.59915
London:
$1.602 (1.615)
DM2.94 (2.9425)
FFr9.9575 (9.965)
SFr2.53 (2.5275)
Y222.25 (223.5)
£ index 89.3 (89.5)

GOLD
New York: Comex Aug
$369.4 (368.2)
London:
$367.45 (368.95)

N SEA OIL (Argus)
Brent Aug
$18.825 (18.75)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.839
FFr6.227
SFr1.58485
Y138.9
London:
DM1.8345 (1.822)
FFr6.215 (6.17)
SFr1.58 (1.5655)
Y138.75 (138.35)
$ index 68.6 (68.1)
Tokyo close: Y138.5

US lunchtime rates
Fed Funds: 6.0%
3-mo Treasury Bills: 5.743%
Long Bond: $96\frac{17}{32}$
yield: 8.439%

STOCK INDICES
FT-SE 100:
2,460.2 (+16.6)
FT Ordinary:
1,907.2 (+8.5)
FT-A All-Share:
1,172.21 (+0.9)
New York:
DJ Ind. Av.
2,962.88 (+4.47)
S&P Comp
376.81 (−1.01)
Tokyo: Nikkei
23,995.76 (−113)

LONDON MONEY
3-month interbank:
$11\frac{3}{16}$ (same)
Liffe long gilt future:
Sep $90\frac{15}{32}$ ($90\frac{7}{32}$)

Confusion takes hold as war hangs in the Slovene air

Judy Dempsey on a day of clashes across Slovenia

"WE ARE living on a knife's edge," said a western diplomat. "War hangs in the air in Slovenia. The danger is that neither the federal government, nor the state presidency, has any control over the federal army. I just hope the Slovene government keeps its nerve."

The first flashpoint in a day of clashes across Slovenia yesterday was at the village of Krakovski Gozd near the south-west border with Croatia, when Slovene defence forces stopped federal troops withdrawing to their barracks.

Fighting broke out at 5.30am as the federal unit tried to move through Slovene barricades in the forest region of Trebnja, some two hours drive from Ljubljana. According to Slovene spokesmen, their Territorial Defence Units destroyed several of the 20 or so federal tanks. The army said it had suffered many dead and wounded but gave no figures.

The Slovenes said the army was supported by Yugoslav airforce planes; the Defence Ministry in Belgrade confirmed this. Mr Janez Jansa, the Slovene defence minister, was quoted by the Tanjug news agency as saying the airforce had attacked broadcasting transmitters in three locations near Ljubljana.

"Everyone is tired and nervous," said one western military attaché. "The TDUs did not know if the federal units were going to fight them. They did not know if they were really trying to withdraw peacefully. They could not wait for instructions from military headquarters in Ljubljana."

The federal troops, many of them in their early twenties, had been cooped up in their tanks since Sunday, when a ceasefire was announced. They had no food, water, or access to medical supplies. They had not washed since last Wednesday, when federal troops were ordered into Slovenia to regain control of the republic's external borders.

A federal soldier interviewed at Brnik airport, just outside Ljubljana, said: "We were told by our commanding officers that this [mission into Slovenia] would be a quick operation. We were sent in [last week] without any back-up supplies or equipments. We are receiving no instructions from Belgrade. We do not know who is controlling us."

The soldier, who wished to remain anonymous, said "we just want to go home. We have had enough. I hate what is going on here. The Slovenes and our bosses should let us out of here". Withdrawal to barracks has been hampered by the variety of interpretations put on the peace accord agreed on Sunday night between Mr Ante Markovic, the federal prime minister, Mr Milan Kucan, the president of Slovenia, and the three foreign ministers from the European Community.

The agreement called for an unconditional withdrawal by both sides but no timetable was set, and no arrangements were made.

Yesterday Mr Jansa said the federal units "could withdraw immediately". But it is not as simple as that; several federal units are boxed in by TDUs and mines.

The delay in lifting the blocades has infuriated the federal army's high command. General Blagoje Adzic, a hardliner who was ready to crush the student demonstrations in Belgrade last March, warned the Slovene government on Monday night that it would "react with a massive attack if the ceasefire was broken". Slovene officials yesterday believe this was no idle threat. "The military is preparing a second phase of operations, based on an air attack," Mr Jansa said.

CSCE officials seek ways to defuse crisis

By Robert Mauthner, Diplomatic Editor

THE crisis in Yugoslavia will be the only item on the agenda of an emergency meeting of the 35-nation Conference on Security and Co-operation in Europe to be held at senior official level in Prague today.

The meeting, which might be followed by a full ministerial conference if that is the officials' recommendation, has been called under the new special emergency procedure adopted by CSCE foreign ministers in Berlin barely two weeks ago. The aim will be similar to that of the European Community's "troika" of foreign ministers, which has been attempting, with scant success, to defuse the crisis sparked by the declarations of independence by Slovenia and Croatia.

Although it is not the task of the CSCE – an inter-governmental organisation whose objective is to organise a new European peace order on the basis of consensus – to dictate recipes to conflicting parties, it can make recommendations and offer to mediate. It might also suggest that a CSCE observer group be sent to Yugoslavia to monitor a ceasefire.

Given the wide membership of the organisation, which includes the US, the Soviet Union and Canada as well as all European countries, such recommendations can be expected to carry more weight than their non-mandatory character would suggest. But no solutions can be imposed.

The officials will be carrying on the work of another infant CSCE body, the Vienna-based Conflict Prevention Centre, which at its first meeting yesterday urged an immediate ceasefire in Yugoslavia and the return of army units to barracks.

Although that call has had little effect, it is expected to be reiterated by the Prague meeting. But unlike the Conflict Prevention Centre, whose meeting was triggered essentially by "unusual troop movements" in Yugoslavia, the Prague discussions are expected to focus at least as much on the prospects for a political solution as on the defusion of the military situation.

Apart from urging a halt to the fighting and the disengagement of forces in Yugoslavia, the CSCE representatives are likely to reiterate the EC "troika's" call for a three-month suspension by Slovenia and Croatia of their declarations of independence.

Together with a restitution of the constitutional order in Yugoslavia by the proper rotation of the federal presidency, which has already occurred in answer to the EC's recommendations, these are all considered to be preconditions for subsequent talks between the warring parties. The rationale for the position taken by most CSCE countries is that a break-up of the Yugoslav federation is bound to lead to further violence.

Europe risks economic damage, says bank

THE CRISIS in Yugoslavia could lead to default on its foreign debt and a flight of capital from Europe, affecting the D-Mark, the lira and the Austrian schilling, according to a study by Morgan Stanley, the merchant bankers, writes Anthony Robinson.

The risk of violent dissolution of the federation also threatens to raise the perceived political risk of investment throughout post-communist east and central Europe, it says.

"Capital flight would be critical at a time when Europe has become a net importer of capital to fund German unity. It would strengthen the US dollar, raise European interest rates and damage economic activity in Europe." A collapse of the Yugoslav economy or civil war could also lead to emigration of up to 2m people.

Given the high degree of integration of the Yugoslav economy, a break up would badly affect all republics, including Slovenia and Croatia which accounted for 23.6 per cent and 20.4 per cent of export revenues in 1989. The trade deficit could reach \$3.4bn (£2bn), due largely to the collapse in tourist revenues, and living standards could drop 30 per cent.

Croatia earns the bulk of Yugoslavia's tourist revenue and receives 60 per cent of foreign worker remittances.Both sources of hard currency are threatened by the crisis, raising the risk of default on the estimated gross foreign debt of \$17bn, the bank said.

A Yugoslav army tank driver sprints across a road as barricades burn during a battle with Slovene militiamen

Bombs fall. . . or 'just a few grenades'

By Judy Dempsey in Ljubljana

I WAS standing in the hallway of Slovenia's national bank waiting for an appointment with Mr Joze Arhar, its chairman. The incident which followed illustrates the war of nerves being waged between Slovenia and the federal army and the difficulties in trying to distinguish between truth and disinformation in the Yugoslav crisis.

It was one minute past two o'clock local time. I heard a boom and rushed out on to the *Titova Ulice*, the main street of Ljubljana, Slovenia's capital. There was another explosion. A Yugoslav jet fighter sped across the city, leaving behind it a stream of white smoke. Instantly, the air-raid sirens were sounded.

Minutes later, Mr Jelko Kacin, Slovenia's minister of information, said on Slovene television that three bombs had been dropped on the city's 18th century castle which overlooks the capital. The bombing raid was aimed at the anti-aircraft launchers located at the Castle.

However, a reporter who went up to see what had happened was told by one of the Slovene soldiers, anxious to reassure the public that there had been no serious attack, that there was little damage and that "just a few grenades" had been dropped. The reporter was not allowed into the castle.

As the sirens sounded, thousands of Slovenes, who were out shopping or eating *al fresco* in the brilliant sunshine, rushed for safety in the air shelters, part of the Yugoslav regional defence system.

Some buildings shook. "Get inside. Get inside," the porter at the national bank told me. In a remarkable display of calm and order, Mr Arhar's secretary rang down to the concierge. "Go into the shelter or wait for about an hour and then come back," she said.

I went back on to the street and ran towards the republic's parliament building. An elderly couple were crying. "Why are they doing this?" a 73-year-old woman sobbed. "What have we done to deserve this? What will happen to us? This is war."

I ran back to *Titova Ulice*. The street was empty, except for cars and buses speeding out of the capital.

Behind the street, hundreds of Slovenes were heading towards the air raid shelter under Cankarjev Dom, the large cultural centre, called after Ivan Cancar, the father of Slovenia's cultural renaissance in the 19th century.

It was surrounded by Slovene troops. People poured into the depths of the building. "This will not be the end of the intimidation by the Yugoslav army. We are alone and defenceless. Please ask your armies to save us," said Mr Joze Jancar, a 41-year-old mechanic.

Pavlov warns of economic chaos

By John Lloyd and Reuter in Moscow

THE sharpest warning yet of impending economic chaos in the Soviet Union came yesterday from Mr Valentin Pavlov, the prime minister, in a report to the leaders of all 15 Soviet republics and to Mr Mikhail Gorbachev, the Soviet president.

According to the independent news agency Interfax, Mr Pavlov forecast a grain harvest in 1991 of only between 180m to 190m tonnes - some 40m tonnes less than last year and a sharp fall on the estimate of 205m to 206m tonnes which he had given as recently as last week.

Mr Pavlov said this would mean that the Soviet Union would have to import a massive 77m tonnes of grain this year.

However, European grain analysts said they were puzzled by the grain import figure of 77m tonnes. "There's not a chance that figure can be correct," a Geneva-based analyst commented.

Analysts said it was just possible the 77m tonne figure referred to a target for state procurements or purchases from farmers.

The prime minister also forecast that the foreign debt of the country would reach 44bn hard roubles - about £44bn - as against the Rbs39bn originally estimated. New loans were necessary, he said, to cover a budget deficit amounting to 4.2bn hard roubles (about £4bn).

Mr Pavlov said the country was dependent on receiving credits to cover its debt repayments.

The internal budget deficit, standing at Rbs58bn at the end of the first half, is now forecast to rise to Rbs250bn.

The prime minister said that the volume of production was 6 per cent lower than last year – including falls in the output of the consumer sector and in the construction industry.

The meeting was also remarkable for the attendance of senior figures – usually prime ministers – from all republics.

These included those of Georgia, Armenia, Moldavia and the Baltic republics, all of whom are refusing to sign the union treaty.

A reform signal by Gorbachev

By John Lloyd

MR Grigory Yavlinsky, joint author of the so-called Grand Bargain economic reform programme drawn up with US experts, will accompany President Mikhail Gorbachev at his meeting with G7 leaders in London later this month.

This is a significant mark of approval extended to one who holds no official position in the Soviet hierarchy and provides further confirmation that President Gorbachev is leaning towards radical economic reform.

Mr Yavlinsky is, meanwhile, embarking on a tour taking him to Bonn, London, Paris and Tokyo.

At the same time, Mr Yevgeny Primakov, the senior aide to the Soviet president, leaves for Tokyo tomorrow where he will meet Mr Toshiki Kaifu, the Japanese prime minister and Mr Taro Nakayama, the foreign minister.

The Japanese are a particular object of concern because of their harshly negative position on granting assistance to the Soviet Union.

The position of the Japanese flows from their demand that the four Kurile Islands, which were seized from Japan by the Soviet Union after the war, be returned before aid is disbursed.

EC 'is no substitute for Nato'

By David Buchan in Brussels

THE idea that the European Community could replace Nato as a provider of security to Europeans was "ridiculous", Mr Manfred Wörner, Nato secretary-general, told the European parliament yesterday.

Nato was "the most powerful alliance ever," Mr Wörner told Christian Democrat MEPs. It therefore did not fear the development of "a specific security and defence identity" for the EC.

He was speaking a couple of days after the Luxembourg summit's failure to narrow the Twelve's differences over how to move towards greater defence co-operation.

Expressing confidence that Nato and the EC could mesh their roles, Mr Wörner claimed "the perception has gained ground that a European security and defence identity would not be worth having if it weakened the [Nato] alliance, especially the vital transatlantic link".

Earlier, Mr Jacques Delors, president of the European Commission, said the US and the Community had to broaden their political dialogue beyond narrow economic issues. But neither the US nor Nato should interfere in the current defence debate inside the Community's political union negotiations.

"The views of the Atlantic alliance must be taken into account, but without giving it an extra chair among the Twelve," said Mr Delors.

Calling for concessions, Prime Minister Wilfried Martens of Belgium said upholders of "Atlantic orthodoxy", such as the UK and the Netherlands, had to realise that only the EC could create a genuine European "pillar" inside Nato.

Pöhl attacks subsidies for east

By David Marsh in Bonn

MR Karl Otto Pöhl, president of the Bundesbank, yesterday strongly attacked the Bonn government's departure from free-market principles in its extensive subsidies for east Germany and its policies on Gatt trade talks.

In a speech in Bonn, Mr Pöhl said the government was building "an unbelievably interventionist and *dirigiste* system" through transfers to east Germany to support incomes and jobs there. He also said Bonn's attitude on Gatt was "not always consistent with the traditional [liberal] line" previously followed by Germany on international trade.

Mr Pöhl was speaking after receiving the annual Ludwig Erhard Foundation prize, awarded to policy-makers and commentators advancing the values of free-market economics. The Bundesbank chief, who has disagreed frequently with Bonn's policies over east Germany during the last 18 months, was making one of his last public appearances before stepping down at the end of this month.

He voiced caution about prospects for establishing an independent European central bank geared to price stability, as part of the move towards European monetary union. Although EC heads of governments had agreed that the mooted central bank should adopt maintenance of price stability as its prime objective, he said he was "sceptical" whether partner governments would really act in this way.

General agreement that the European central bank should be free of government interference in no way guaranteed price stability. "This is a necessary, but not a sufficient condition," he said.

Commenting on the more than DM140bn (£47.7bn) in public transfers passing from west to east Germany this year, Mr Pöhl said much of this was financing consumption rather than investment. He added the complex system of investment support measures being assembled by Bonn to help east Germany risked harnessing the east to a permanent "drip" of subsidies.

He repeated the Bundesbank's oft-voiced criticism of the 60 per cent increase in east German wages over the past year, which was harming the outlook for investment east of the Elbe.

Ireland faces more public sector cuts

By Kieran Cooke in Dublin

MR Albert Reynolds, Ireland's minister of finance, has warned of a new round of public sector cutbacks to offset a big jump in government borrowing. The Irish Exchequer has released figures showing that government borrowing in the first half of this year was I£813m (£746m) – more than I£350m ahead of the full year's budget target.

Mr Reynolds blamed increased unemployment benefit payments and falling tax revenues for the increase. There is likely to be some improvement in Ireland's finances in the year's second half.

OECD sees upturn in Italy's economic growth

THE Italian economy, experiencing its worst year for growth since 1983, should regain some momentum in 1992, although high local interest rates may restrain recovery, the Organisation for Economic Co-operation and Development said yesterday. Reuter reports from Rome.

The OECD said in its half-yearly report that stimulus should come from faster export growth as the stronger dollar made Italian products more competitive abroad.

Internal demand was expected to rise under the influence of continuing high wage increases, particularly in the public sector, and this would help boost economic growth to 2.7 per cent next year.

The organisation expects the Italian economy to expand by about 1.7 per cent in 1991, its slowest rate for eight years. This compares with the 2.5 per cent the OECD forecast last December for 1991.

The Finance Ministry said recently that growth could slow this year to about 1.4 per cent, down from the official forecast of 2.1 per cent. But many economists see gross domestic product expanding no more than 1 per cent in 1991.

The level of next year's real interest rates – the difference between the nominal rate and inflation – was in doubt, the organisation said. Italy has needed to keep these rates high due to its huge public sector deficit. Inflation was expected to slow to an average 5.5 per cent in 1992.

Combative Cresson suffers swift reversal of fortunes

The new French premier's administration appears disorganised and disputatious, writes Ian Davidson

WHEN President François Mitterrand of France appointed Mrs Edith Cresson as his new prime minister, he said it was to give the government new "élan"; and he assigned it the specific task of preparing France for the single European market of 1993.

That was barely seven weeks ago, but already the government seems to be in trouble.

For the first few days there was some popular excitement over the reshuffle, but it was focused on the fact that Mrs Cresson was France's first woman prime minister. Since then she has remained in the headlines with frequent outbursts of combative rhetoric, most notably in her verbal brickbats directed at the Japanese.

Left-wing rhetoric was a characteristic feature of Mrs Cresson's repertoire long before she became prime minister, and was no doubt regarded by President Mitterrand as a welcome contrast to the gentle consensualism of her predecessor, Mr Michel Rocard.

But she has not managed to follow through with a plausible sense of giving the government new élan, or even a coherent programme.

On the contrary, the strongest impression of the Cresson administration so far is that it is disorganised and disputatious.

In particular it is clear Mrs Cresson is not on easy terms with Mr Pierre Bérégovoy, finance minister, even though his continued presence is critical to the credibility of French economic policy.

These impressions are being reflected in a precipitous decline in opinion polls. And just as Mr Rocard's popularity marched closely in step with that of President Mitterrand, soaring to an unprecedented peak at the height of the Gulf war, so the steep fall in Mrs Cresson's score is being matched by a corresponding drop in the president's popularity.

As a result, many political commentators are starting to write off Mrs Cresson's appointment as a serious tactical error on the part of President Mitterrand. Some of them are even discounting her chances of winning that other important event in 1993, the next general election.

In May, when she came to office, Mrs Cresson scored 43 per cent in a BVA opinion poll – which was only moderately impressive in view of the fact that her departing predecessor was still scoring 49 per cent. But a month later Mrs Cresson's standing had dropped 16 points to 27 per cent; this was the lowest score by a French premier since the 26 per cent recorded by Pierre Mauroy seven years earlier, at the time of the crisis turnround in the socialist government's economic policy.

Meanwhile, President Mitterrand's opinion poll score dropped 9 points to 48 per cent, suggesting the French public closely identifies the president with his government. The last time Mr Mitterrand's score dropped as low as this was five years ago, shortly before the Socialist party was defeated in the 1986 general elections.

The analogy with 1986 has been underlined by other opinion polls which suggest a strong national swing against the party. If elections were held now, according to the Sofres polling institute, the traditional conservative parties would jointly win a bigger absolute majority of seats in the National Assembly than the Socialists did in 1981.

It is, of course, too soon to be writing off Mrs Cresson's chances. In the first place she came to office at a particularly unfavourable moment in the economic cycle. France is undergoing a sharp downturn after three years of rapid growth, and the results are showing in unemployment figures. These remain obstinately high despite years of rapid growth, and only bottomed out last year at 8.9 per cent.

Since the start of this year, they have been creeping up steadily and now stand at 9.5 per cent. Moreover, there is every prospect they will continue to rise until the recovery occurs, and that is not expected until some time in the second half.

Growing unemployment has been accompanied by a rise in the political temperature. On the one hand there has been an increase in the reported incidence of violence in the deprived dormitory suburbs ringing Paris and other big cities. On the other, the combative rhetoric of Mrs Cresson has been matched by a sharp swing to the right in opposition parties' statements.

Mr Jacques Chirac, leader of the Gaullist RPR party, has made an unashamed attempt to appeal to sympathisers of the extreme right-wing National Front, with a speech claiming France has an "overdose" of immigrants. Mr Chirac rejects all accusations of racism, but he did not hesitate to paint a hostile picture of immigrants who smell, make too much noise, have several wives, and many children.

Government ministers reacted with shock to his innuendoes. But the Socialist interior minister has matched the law-and-order dialectic of the opposition with a promise that he would be "the minister of firmness and repression"; and the new apolitical social affairs minister, who was appointed in part to facilitate the integration of the immigrant community, has just announced he intends to tighten implementation of immigration laws.

Government officials are worried the political atmosphere may deteriorate before improving. In particular, there is anxiety that violence in the city suburbs could spiral during the holiday weeks ahead, when teenagers are more likely to be on the streets.

If the economy picks up in the second half of the year, the government's fortunes should improve. But some people are already wondering whether Mrs Cresson can last until 1993.

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WORLD TRADE NEWS

Airline losses so far this year climb to $2.5bn

By Paul Betts, Aerospace Correspondent

THE AIRLINE industry has lost $2.5bn (£1.6bn) on international scheduled services so far this year because of the economic recession and the collapse of air travel during the Gulf war, Mr Gunter Eser, the director general of the International Air Transport Association (Iata), said yesterday.

The losses this year follow a loss of $2.7bn last year on international airline scheduled services, added the head of the Geneva-based organisation, which groups 200 airlines.

Although there had been a slight recovery in airline traffic in the past few months, Mr Eser warned that traffic was still below 1990 levels. "I cannot talk about light at the end of the tunnel. Perhaps a small lifting of the shadows would be the right expression," he said.

For the first three months of this year, Iata figures show a fall of 14 per cent in international passenger traffic compared with the first quarter of last year. Passenger traffic both in April and May were 11 *per cent lower compared with* the same months the year before. Mr Eser indicated that traffic would have to grow by 6.5 per cent for the rest of this year to match 1990 traffic levels.

But the Iata director-general said he did not know to what extent airlines were having "to buy" their recovery through special offers and other inducements which are continuing to put pressure on airline yields.

Airlines are engaged in a price cutting war in several markets to try to lure passengers back to their services.

An Iata survey of high yield business and first class airline travellers has shown that during the height of the Gulf conflict one-third of businessmen had reduced their air travel. The survey also indicated that 75 per cent of business travellers felt there was no real substitute for air travel.

But Mr Eser also warned that continuing congestion at airports and in the air risked clipping the wings of an eventual recovery.

"One of the great ironies of the present situation is that *full recovery is bound to* be signalled by a large increase in congestion," he said.

Hungary forecasts higher investment

By Nicholas Denton in Budapest

HUNGARY has revised sharply upwards its official forecast for foreign direct investment after figures showing that the cash inflow over the first five months exceeded that for the whole of 1990.

Foreign direct investment in 1991, in cash and kind, could be as high as $1.5bn (£938m), Mr Bertalan Diczhazi, the prime minister's economic adviser, said yesterday. This would more than double the stock of investment from abroad – $1.25bn at the end of last year – and reinforce Hungary's position as the leading east European destination for western investors. Officials had expected around $1bn in *foreign investment this year.* The new forecast is on the basis of foreign direct investment of $390m *in January-May* and a *further* $250m-$300m in investment goods and managerial resources. Total cash inflow in 1990 was $350m, mostly from US companies.

"The basic factor behind the inflow is the acceleration of the privatisation process," said Mr Janos Martonyi, state secretary at the Ministry of International Economic Relations.

The proportion of Hungarian commercial assets in foreign hands could easily rise from 4-5 per cent to 10-15 per cent by the end of the year, Mr Martonyi said. Hungary's target for foreign ownership ranges from *25 to 30 per cent.*

Symbol of Mexican revolution threatened

Any regional trade pact would require reform of maize farming, Damian Fraser writes

THE proposed free trade agreement between Mexico, the US and Canada has already scored one victory. It is forcing the Mexican government, after decades of neglect, to make a decision about one of the country's most sensitive and profound problems; how to reform the country's inefficient, but politically explosive, maize sector.

Maize is Mexico's most important crop. Some 2.25m farmers, many of them in extreme poverty, produce it; most poor Mexicans rely on it (with beans) for their basic diet. Mexico's poor, a fifth of the population, are probably more sensitive to government policy towards maize than to anything else.

However, reform is difficult, in part because the *ejido* (quasi-communal farms) that mainly produce maize have come to symbolise the achievements of Mexico's 1910-20 revolution. In addition, the ruling Institutional Revolutionary Party (PRI) relies on the rural vote of the 1.8m *ejido* maize farmers.

But a *free* trade agreement makes inaction difficult. On average Mexico's maize farmers are six times less productive than their US counterparts. *Farmers* are *even* less productive than the average. The *ejido* farms are on poor land, without the necessary machinery and access to credit to boost production. Many of them fear that the removal of the roughly 70 per cent tariff would mean financial ruin.

The enormity of the problem appears to have divided Mexican government officials. Some argue that maize is so politically sensitive that the government should press to keep it out of the trade talks, although the Canadians and Americans could object.

Some argue that the maize issue is too politically sensitive to be included in a proposed trade deal

The radical view, said to be strongly supported by the World Bank, argues that the Mexicans by a specific date (say in three years) should remove maize tariffs altogether. If the government had done this in 1989 for example, maize producer prices would have fallen from $208.5 (£127.1) *per tonne to $135.5 per tonne.*

A new and influential academic paper by Mr Santiago Levy, a visiting professor at ITAM national technical university in Mexico City, and Mr Sweder van Wijnbergen, of the Center of Economic Policy Research, shows why some officials are supporting this view. Their paper contends that the direct effect of cutting maize tariffs would not hurt the very poor. Of the 2.25m maize farmers, only about one third actually sell maize (the rest are subsistence farmers), and, at the most only 330,000 are significant maize sellers.

Many of these, if not most, are, by Mexican standards, well-to-do farmers. Although they will lose from a reduction in tariffs, they will not suffer from extreme poverty.

At the same time, the roughly 3.75m land labourers and rural workers who do not produce maize would gain from lower maize prices.

That at least is the theory. The problem, as Mr Levy and Mr van Wijnbergen point out, *is that removing maize subsidies* would at the same time lead to a big reduction in the value of agricultural land, and a subsequent fall in the *demand for labour.*

However, maize tariffs and subsidies do not raise the rural wage very efficiently. First, they encourage some farmers to produce maize, when their land would more productively be used for vegetables or other crops. This distortion will be particularly costly after a free trade agreement, when US barriers to Mexican fruit and vegetable exports are likely to fall.

The report estimates that in 1989 the cost to Mexico's economy of the distortion created by the tariff and rural subsidy (the so-called welfare cost of the tariff) was some $122m, 42 per cent of the $292m subsidy to maize farmers. Thus for every $1 spent on the subsidy, the economy as a whole is *worse off by 42 cents.*

Secondly, most of the subsidy is targeted at Mexico's rich maize farmers. Some 250,000 large-scale producers (4 *per cent of the total rural* workers) receive 40 per cent of the maize subsidy.

Government money, conclude some officials, would be better spent on direct grants to the rural poor in the form of works programmes, such as irrigating rain-fed lands. This would help sustain the rural wage, improve the productivity of land and eventually provide jobs for displaced workers. Such a change, as its proposers are the first to admit, is fraught with difficulty. The tariffs have to be removed before the money saved can be directed to the works programmes. Many farmers will not believe the government when it says the removal of tariffs will not hit agricultural funding.

In addition, Mexico's maize sector is likely to remain uneconomic while conditions on many farms fail to harness individual enterprise.

Similarly private farmers face restrictions on uses to which land can be put; the permanent risk of land appropriation under Mexico's agrarian reform laws reduces the incentive to invest.

If Mexico puts maize in the free trade agreement it may simultaneously partially privatise the *ejidos*, by giving them the right, but not the obligation, to own the land they are working on. The government may also substantially change the agrarian reform laws, making appropriation more difficult. And it may remove restrictions on *how land can be used.*

The risks of doing this would be extreme; *ejidos* form part of Mexico's national identity, and if reform is proposed, the *political outcry is likely to be substantial.* But if the government wants to reduce rural poverty, there may be no alternative.

US-Soviet wood products venture

By Nancy Dunne in Washington

A SUBSIDIARY of Ply Gem, a US wood products company, and A/O Exportles, the Russian forest products trading house, have set up a joint company.

The Russian Wood Express, based in New York, is 50 per cent owned by Allied Plywood, a subsidiary of Ply Gem, one of the fastest growing US companies, and 50 per cent by A/O Exportles, a joint stock company which handles 95 per cent *of all Russian wood products* trade. It is thus a cousin to the long-established Russian Wood Agency of the UK.

The venture is likely to be able to take advantage of lower US import duties available to countries with Most Favoured Nation trade status.

President George Bush is expected to recommend MFN status for the Soviet Union in the near future. His last remaining condition to MFN – passage of a free immigration law – has been met. Mr Robert Prezzano, the company's vice-president, said the demand for Soviet specialised woods was increasing.

In the 1990s, US spending on home improvements are expected to outpace the new construction market.

Ply Gem is a national manufacturer and distributor of home improvement products, with 17 distribution centres and 10 port facilities.

Malaysian PM seeks closer links with South America

MR Mahathir Mohamad, Malaysia's prime minister, today winds up his 15-day tour of Chile, Brazil and Argentina where he is seeking support for a new "south-south" trade alignment with east Asia, writes Lim Siong Hoon in Kuala Lumpur.

Apart from active South American ties with Japan, there is little inter-regional trade and direct commercial air travel is non-existent. "Everything goes north before going south," Mr Mahathir once said.

While Mr Mahathir was in Chile, Malaysia's state-owned steel maker, Perwaja, signed a 10-year $900m (£548.7m) supply deal with Chile's Compania Minera del Pacifico.

In Brazil, Mr Mahathir invited contractors to bid for Malaysia's infrastructure and offshore oil exploration contracts.

Five groups take stake in east German oil refinery

By Leslie Colitt in Berlin

EAST Germany's largest oil refinery at Schwedt, 70km north-east of Berlin, has been sold to two German groups, with French and Italian companies being given a minority participation.

The Treuhand agency for privatisation said yesterday that Veba oil company, Germany's largest energy group, and DEA oil of Germany each took a 37.5 per cent stake in the PCK refinery at Schwedt, which is one of the largest in the country.

A consortium of Agip, Elf and Total took the remaining 25 per cent share. No purchase price was given in line with Treuhand practice.

Mr Herbert Heneka, chairman of Veba, said the oil companies by buying PCK wanted to supply the growing demand in east Germany for heating oil and petrol. He said heating oil would soon replace brown coal as the primary source of energy.

East German brown coal production, which was more than 300m tonnes in 1989, is being reduced to curb massive pollution which blankets the southern part of the country where large brown-coal fired power stations are located. *Consumption of oil products is* forecast to rise 60 per cent in east Germany in the next 10 years.

Mr Heneka said it would be *necessary to reduce personnel* at the refinery from the present 5,000 to 2,500 by 1993. Some units at Schwedt producing consumer chemicals have been split off and are operating as private companies.

Schwedt refines Soviet oil from the Druzhba (Friendship) pipeline to the Soviet Union and was modernised with Japanese technology in the 1970s.

It is regarded as considerably more up-to-date than east Germany's second main refinery at Leuna. Treuhand is interested in selling the Leuna refinery together with the Leuna chemical works which are largely obsolescent and highly polluted. The Treuhand is also offering to sell the Minol oil company, a former state monopoly, which operates 1,200 petrol stations.

The sinister alchemy of the Iraqi 'Doctor'

A food-flavouring plant in Florida continued to produce cyanide, some of which was sent to Iraq for use in chemical weapons, long after the CIA was tipped off, an FT/ABC News Nightline investigation has found. Alan Friedman, Lionel Barber, Jay LaMonica and Jimmy Burns report

AN HOUR'S drive from Miami, in the beach resort town of Boca Raton, stands a two-storey, sand-coloured building surrounded by palm trees typical of the steamy, flat Florida landscape.

The innocuous-looking headquarters of Product Ingredient Technology (PIT) stands empty today. But three years ago the company began life ostensibly as a manufacturer of a food flavouring known as bitter almond oil. From the outset there was more to the plant than first appeared.

Workers spoke in Spanish and Arabic, relatives of the plant's investor were chauffered about in Jaguars by armed bodyguards and the 38,000 sq ft premises were patrolled around the clock by armed security men.

The man behind the Boca plant was a paunchy, goateed Iraqi who remains as mysterious as the project itself. His name is Ihsan Barbouti, the man identified by senior US officials in January 1989 as the main contractor for a Libyan chemical weapons plant at Rabta, 40 miles south-west of Tripoli. The threat was serious enough for President Ronald Reagan to draw up contingency plans for a bombing raid to destroy the plant.

Having exposed Mr Barbouti in public, the US might have been expected to ask British authorities to arrest – or at least question him – in London, where he had lived since 1978.

The case for official action was even more compelling after one of Mr Barbouti's associates in the Rabta project was arrested, tried and sent to jail for five years in 1990. Mr Jurgen Hippenstiel-Imhausen of the German company Imhausen-Chemie had confessed during his trial to building the Libyan chemical weapons plant in co-operation with Mr Barbouti and his Frankfurt-based company IBI Engineering.

However, Mr Barbouti was allowed to live and work in the UK and operate openly in the US where he invested more than $100m in projects ranging from shopping centres to weapons technology.

Mr Barbouti's most contentious investment was at Boca Raton. There, US federal investigators have told the FT and ABC News/Nightline, bank transfers, phone logs, chemical samples and numerous interviews point to activities more sinister than food flavouring. Mr Barbouti's aim, they believe, was to manufacture cyanide – used in the making of the nerve gas Tabun – as a by-product and ship it illegally out to Iraq.

An inventory in the hands of federal investigators shows that several barrels of cyanide went missing in 1989. Investigators and former associates of Mr Barbouti have identified one export to Iraq, when around seven barrels amounting to 1,500lbs of cyanide were taken under cover of darkness and trucked to Houston in the autumn of 1989.

In Houston, the barrels were crated and shipped to the port of Baltimore, where they were loaded on a ship and sent to the port of Aqaba, Jordan, for shipment overland into Iraq. Investigators believe there may have been several other clandestine shipments to Iraq.

A US-based arms dealer claims he personally arranged for a 20ft container, ostensibly to ship the personal goods of an Iraqi diplomat home to Baghdad. The container was transported from Florida to Baltimore in a hired van where the cyanide barrels were loaded.

The shipper, who an administration official says regularly worked for the CIA and who has asked that his name be withheld, says the operation was done with the knowledge of the CIA. The cyanide, he says, "could not move one inch without the CIA knowing".

Federal investigators believe the production of the cyanide, not itself of military significance, served as a trial-run for a bigger operation. The cyanide sample was to show that the Boca plant could produce a dangerous chemical weapon from natural fruits found in abundance in the Middle East.

Mr Barbouti died in London on July 1 1990, at the age of 63. He is buried in a black marble tomb surrounded by a brick wall in Brookwood cemetery near Woking, Surrey.

Many of his past associates describe him as gruff, arrogant and hugely wealthy, although the source of his wealth was never clear. He had degrees in architecture, lectured in Baghdad where he had been a consultant to the ministry of defence and, in the 1980s, advised Libya's ministry of atomic energy. He liked to be referred to simply as "The Doctor".

Mr Barbouti channeled more than $100m into the US by way of a network of nearly 50 holding companies between 1986 and 1990. The projects he devoted most attention to were in dual-use technology with military as well as civilian applications.

Mr Barbouti's death, like his life, is shrouded in mystery. Some former business associates in the US claim he was assassinated by the Israeli secret service, Mossad, because he was a leading Iraqi procurement agent. Others insist he faked his death in 1990, as he had done 21 years before, to cover his tracks. There is no hard evidence to support either of these suggestions. His death certificate merely says he died of heart ailments.

US federal investigators trying to piece together his life, say they believe that Mr Barbouti may have worked not only for Colonel Muammar Gadaffi, the Libyan leader, and for Iraqi President Saddam Hussein but also as an informant with the British secret services. A former business associate goes further and says Mr Barbouti told him he had dealings with British intelligence. Again there is no evidence to back these claims.

What is known is that Mr Barbouti was allowed to pursue his business interests in London for 18 months after his links with the Libyan project had been identified by US officials.

In addition to his large offices in Sloane Avenue, Mr Barbouti ran a research workshop and training centre in the former Thames Gas building in Pound Lane, Willesden.

A former employee of Mr Barbouti said he worked there last year together with five other engineers – all British – for a company called International Pipe Technology.

Mr Barbouti kept what he was doing "very close to his chest". The plan was to sell the technology they were developing to a number of countries, including Libya and Iraq.

From the autumn of 1988 until its closing days in office in January 1989, the Reagan administration conducted an unusually public campaign to expose Libya's efforts to acquire chemical weapons, and to unmask the western companies that had supplied the Rabta plant.

Officials involved include Mr Robert Gates, then deputy director of the CIA and now President George Bush's choice for head of the agency, Mr William Webster, CIA director, and Mr George Shultz, secretary of state.

Meanwhile, Mr Barbouti was expanding his activities in the US.

The man who became his main partner at the Boca plant was a food flavouring specialist, Louis Champon. His contribution was a process that took apricot and other fruit pits and produced from them a bitter almond extract that was billed as the first non-artificial flavouring of its kind.

Small quantities of cyanide are found in many fruit pips. The process at the Boca plant was able to produce both a natural fruit flavouring and hydrogen cyanide as a lethal by-product.

Mr Champon's story is that he needed money to develop his process so he sent out a prospectus to 500 potential investors. Through intermediaries Mr Barbouti responded with an open cheque book.

Mr Champon struck a deal which he now rues. He was warned recently that he may be indicted before a grand jury on charges relating to the Boca plant's illicit activities.

In the 12 months of operation the plant produced food flavouring – but also thousands of gallons of cyanide. Most of this Mr Champon dismisses as having been "washed down the drain".

Several individuals sought to warn the CIA and other government agencies about Mr Barbouti's activities.

The most detailed account comes from Mr Moshe Tal, who runs an Oklahoma-based company, TK-7, which developed chemical formulae for fuel additives.

Mr Tal is a naturalised American and, like many characters in this story, has a complicated background. He says he worked briefly for Israeli military intelligence in the 1970s; he was also involved in a joint US/Israeli government project to build a remotely-piloted "drone" or surveillance aircraft.

Mr Tal says he was first contacted in March 1987 when one of Mr Barbouti's representatives sought to buy his company. At a later meeting in Zurich the Iraqi produced a shopping list of lethal chemicals.

On a flight to London Mr Tal recalls Mr Barbouti revealing his ties to Libya. "He was bragging about how much money he makes there and that Gadaffi is crazy, that he wanted to build an atomic bomb and put it on a commercial vessel and take it to a US port and blow it up by remote control."

Worried about what he believed was an attempt by the Iraqis to acquire chemical weapons technology – a direct threat to Israel – Mr Tal first contacted a long-standing acquaintance in Israel's defence ministry who passed the information to Israeli intelligence.

Then, in the spring of 1988, while Mr Champon was still negotiating his Boca contract, Mr Tal conveyed his concerns about Mr Barbouti to Senator Dennis DeConcini, then a member of the Senate Intelligence committee, via the attorney-general of Arizona. The senator took the information directly to Mr William Webster, the CIA director.

On June 15 1988, more than a year before the cyanide was shipped to Iraq, a senior CIA official wrote back to Senator DeConcini on Mr Webster's behalf. The letter suggests that this was not the first time the agency had come across Mr Barbouti's name.

It says Mr Webster wanted his agents to meet Mr Tal "to determine whether he can provide any fresh insights into the activities and contacts of Dr Barbouti".

Mr Tal says he briefed CIA officers on Mr Barbouti's activities "almost on a daily basis" for a period of several months during the rest of 1988.

Someone who had first-hand knowledge of the Boca Raton was Peter Kawaja, a Lebanese-American security consultant, who says he is only now speaking out from frustration that US government agencies failed to act against Mr Barbouti. He also says he fears reprisals and believes his best protection is to go public.

In late 1988 Mr Kawaja was asked to provide a computerised security system for the Boca plant. He says he grew suspicious when asked to install a cyanide detection system, hidden video cameras and microphones costing $400,000. This compares with a total investment in the plant of $5m.

Mr Kawaja, who has worked with US law enforcement as an informant in the past, says he contacted the CIA using routine procedures in the spring of 1989: "I basically outlined that the plant was being constructed by Mr Barbouti, the same IBI and builder of the chemical weapons plant at Rabta. I identified myself. It was not an anonymous phone call or the first time that I had contacted the CIA."

He was told to contact the FBI, but in subsequent conversations with an agent "who seemed very knowledgeable about chemical weapons" he was told to contact the Food and Drug Administration (FDA). "I was literally in shock because I was reporting a chemical weapons plant to the FBI ... and they are telling me I should go to the FDA."

Mr Kawaja also contacted a senior government official. "I went through a friend, a recently retired CIA station chief, to contact Carol Hallett, commissioner of US Customs in Washington."

Ms Hallett declined to be interviewed for this article, saying she could not speak about an on-going inquiry. The formal investigation of the Boca plant by US Customs agents in Florida did not, however, begin until October 1990 – two months after Iraq invaded Kuwait.

Mr Kawaja says he was fired in late 1989 because his questions about the plant were considered troublesome.

Agents visited the plant in late 1990, but a search did not take place until March 1991 – three weeks after the end of the Gulf war.

Congressional staffers have already interviewed a number of former employees of Mr Barbouti and one of the former part-time employees of the CIA who claims he was involved in the cyanide shipments.

The staffers say Mr Gates, who was deputy director of the CIA in 1988, is likely to be questioned about the Boca plant when US senators open confirmation hearings later this month on his nomination as the next head of the CIA.


'Doctor' Barbouti: 'gruff, arrogant and hugely wealthy'

US launches campaign to improve skills in industry

By Michael Prowse in Washington

MS LYNN MARTIN, the US labour secretary, yesterday launched a campaign to improve skills in industry by advocating revolutionary changes in the way US schools prepare young people for the world of work.

Releasing a report by the Secretary's Commission on Achieving Necessary Skills (Scans), she said American high school students needed to develop "new competencies and foundation skills" if they were to be productive. More than half of the nation's young people left school "without the knowledge or foundations required to find and hold a good job."

Scans was chaired by Mr William Brock, the former US labour secretary and trade representative, and included representatives from business, labour and education. To pinpoint the skills needed by school leavers, the commission spent a year analysing a variety of jobs.

The report's emphasis on practical skills marks a departure in America's long-running educational debate – and the first attempt to find a US answer to high-quality vocational training in Europe.

The report says US schools must bridge the traditional divide between academic and vocational education by ensuring that all students acquire the following skills needed for "solid job performance":

- Information – acquiring and evaluating data, organising and maintaining files, using computers.
- Interpersonal skills – working well in teams, teaching others, serving customers, leading, negotiating and working well with people from diverse backgrounds.
- Systems – understanding social, organisational and technological systems, monitoring and correcting performance and improving systems.
- Technology – selecting equipment and tools, applying technology to specific tasks, and maintaining and trouble-shooting technologies.

Competence in these areas would rest on a "foundation" of reading and arithmetic; the ability to solve problems and make decisions; and personal qualities, such as individual responsibility and self-esteem.

Ms Martin stressed that these skills were not required just by non-academic students, who would traditionally take vocational courses, but by all students including "future astrophysicists". They were the hallmark of today's expert worker.

Many of the Scans recommendations are expected to be included in President George Bush's recently unveiled America 2000 educational initiative, which sets a goal of achieving "world class" educational standards in the US.

Scans argues that more flexible modes of production and tougher global competition are changing the nature of the US workplace. A much larger proportion of workers is required to assume responsibility and take decisions. But the school system is not delivering sufficient numbers of competent workers.

Ms Martin yesterday pledged to take her message "from inside the Beltway outside to Main Street" in a series of regional outreach meetings. But she warned that the Labour Department could not achieve change without support at the local level from business, unions and parents.


Lynn Martin: advocates revolutionary changes in schools

American net debt to rest of world increases

By Michael Prowse in Washington

THE US's net debt to the rest of the world increased by $92.8bn (£56.5bn) to $360.6bn (£219.8bn) last year, the Commerce Department reported yesterday.

The worsening of the US's status as a debtor nation reflected a 1.3 per cent increase in foreign holdings in the US and a 3.3 per cent decline in US holdings overseas. The figures measure direct investment positions at market value.

Previous measures of the US's debtor status valued direct investment at book or historical value. This understated the value of US assets overseas and overstated the US's net debt, which was $663.7bn at the end of 1989, according to the old calculations.

Britain retains its position as the largest foreign direct investor in the US with holdings of $108.1bn, up 2.4 per cent from 1989. Japanese holdings rose 24 per cent last year to $83.5bn, making it the second largest investor.

The department also published a measure of US net debt based on direct-investment-measured current replacement value. This showed a small fall in net debt to $412.2bn last year.

- New orders for manufactured goods rose 2.9 per cent in May, the biggest jump for more than a year, the Commerce Department reported yesterday. Figures for April were also revised to show an increase of 2.1 per cent.

The surge in orders in the last two months is the latest in a series of positive economic statistics signalling the beginning of economic recovery. Orders, however, were still nearly 2 per cent below the level of a year ago.

Strength was concentrated in durable goods industries where orders, spurred partly by falling interest rates, rose a total of 7 per cent in April and May.

Before May and April, factory orders had not risen since last October, when they rose 2.4 per cent. They fell from November through to March as recession sapped demand and cost thousands of manufacturing jobs in the nation's weakened industrial sector.

Bank reform defies the sceptics

Peter Riddell examines the obstacles ahead for a lopsided package

COMPREHENSIVE reform of the US banking system has surmounted the hurdle of the House banking committee more or less intact, defying the sceptics. But the package is still a long way from becoming law and faces several big obstacles over the next few months.

Indeed, the committee's version is flawed. It would repeal much of the restrictive legislation of the 1930s, such as the bans on interstate branch bank networks; on links between banks and securities houses; and on commercial businesses owning banks. New holding companies could own banks, securities firms and insurance companies, though banks would have only limited powers to sell or underwrite insurance.

But the committee rejected the administration's call to limit deposit insurance coverage, so individuals can continue to have multiple-insured accounts. The only changes here would be a ban on the Federal Deposit Insurance Corporation (FDIC) protecting deposits in overseas branches of US banks, while only well-capitalised banks would get insurance protection on large deposits placed by brokers and pension funds. Moreover, protection of $100,000-plus uninsured deposits would be financed by the Treasury and not the FDIC.

The committee also rejected Treasury proposals to streamline the number of regulatory agencies and to require foreign banks to convert existing US branches into separately capitalised subsidiaries if they wish to expand into new operations.

The overall effect is lopsided. The big banks would have the scope to diversify into new activities and consolidate across state lines, and small banks would retain the protection of multiple account insurance. Yet the taxpayers' exposure to possible failures would remain, in spite of various proposals for tighter supervision and earlier intervention by federal regulators when a bank's capital falls below specified levels.

Consequently, many in Congress share the fear of Democratic Representative Charles Schumer that "by placing no limits on deposit insurance or on activities that banks can engage in, it makes a savings and loan type of crisis more likely in the next decade".

Mr Schumer proposed the alternative of separating banking activities. A core bank would undertake traditional operations such as mortgages, loans to small businesses and credit cards, and its deposits would be federally insured. But it would face restrictions on the amount paid in interest and in the size of loans to a single borrower. Other banking activities, such as larger property or Third World loans, would be undertaken by a unit without insured deposits. This plan, opposed by the Treasury, was defeated by 28 votes to 23 in committee, but is likely to be revived on the floor of the House.

The central political issue now is the fear of repeating the highly unpopular savings and loan rescue, especially as the administration has just asked for another $80bn (£49bn) for that purpose. While that fear may induce caution, many congressmen do not want to be blamed for obstructing legislation which President Bush himself has said is vital for the health of the banking system.

Mr Nicholas Brady, the Treasury secretary, has repeatedly warned that a taxpayer bailout of the banks can only be avoided if there is comprehensive reform leading to cost savings from nationwide branch banking and to the attraction of new private sector capital into the system.

The next hurdle is the House energy and commerce committee whose chairman Representative John Dingell wants to put his imprint on the final bill. His committee seems certain to remove proposals allowing non-bank commercial businesses from owning banks. In the past, Mr Dingell has opposed repeal of the Glass/Steagall law preventing banks from affiliating with securities houses. But some banks think that he may accept the change provided restrictive firewalls are built to prevent the use of insured deposits in competition with securities houses.

On the Senate side, private discussions are under way among members of the banking committee, which is expected to start public mark-up, or drafting, sessions in a couple of weeks. It is likely to back comprehensive reform, with the exception of commercial businesses owning banks.

However, there is unlikely to be time for debate in either house until after the August recess. There will then be calls from consumer groups to introduce safeguards for small customers, while others will urge limits on deposit insurance.

The main pressure will be the rapid depletion of the insurance fund which protects bank deposits. By September or October that could lead to calls to scale back legislation to recapitalising the fund (permitting an extra $30bn of borrowing from the Treasury and additional amounts linked to failed banks' assets), and possibly nationwide branch banking. Other changes such as new bank powers would be left until later.

Whatever the immediate outcome, there is now a momentum behind comprehensive reform which did not exist only a few months ago.

UN urges developed countries to stimulate economic growth

By Peter Norman, Economics Correspondent

THE industrialised countries should stimulate growth to enable them to deal with their social problems, the environment, and the needs of the developing world and eastern Europe, a United Nations report said yesterday.

The world economic survey, published by the UN department of international economic and social affairs, said an additional 1 percentage point of growth in the 24 industrial countries making up the Organisation for Economic Co-operation and Development would boost their gross domestic product by $150bn a year.

So long as industrial countries held their growth rates below a ceiling of 2 to 3 per cent a year to curb inflation, they could not act as a engine of world economic growth, the report said. International development was not imaginable without expanding markets and financial resources, it added.

Global output growth declined sharply from 3 per cent in 1989 to 1 per cent last year, thus falling behind world population growth. The UN forecasts that the world economy will stagnate this year before recovering to a growth rate of 2.1 per cent in 1992.

The UN said growth in the developed market economies was expected to recover to 3 per cent next year, from a projected 1.4 per cent in 1991, while the developing countries should see growth recover to 5 per cent in 1992, from 3.5 per cent this year. However, economic output in the Soviet Union and eastern Europe is expected to decline by 9.5 per cent this year and a further 4.5 per cent in 1992.

The annual UN survey on the world economy normally has less impact on policy makers than the reports of specialist international bodies such as the International Monetary Fund and the OECD. This year, however, its worries about inadequate economic growth echo the frequently expressed concerns of Mr Nicholas Brady, the US treasury secretary.

World Economic Survey 1991, United Nations Publications, Room DC2-853, New York, NY 10017, US. $55.

Greenspan likely to be reappointed

By Peter Riddell, US Editor, in Washington

A DECISION on the reappointment of Mr Alan Greenspan, chairman of the Federal Reserve, to a second four-year term is expected within two or three weeks.

His reappointment is now being confidently predicted by senior officials, according to a Washington Post report yesterday. This follows discussions in the last few days by President George Bush's senior economic advisers.

Mr Greenspan's term expires on August 11. Following the Fed's cuts in interest rates there has been much less criticism of its monetary policy by senior officials.

Menem bails out his home province

By John Barham in Buenos Aires

ARGENTINA'S President Carlos Menem has ordered Mr Julio Mera Figueroa, the interior minister, to mount a $25m (£15m) rescue mission for his home province of La Rioja.

About 33,000 people, half the province's adult population, work in local government but have not been paid since May. Schools are closed. The provincial bank owes $300m and its biggest client, the provincial government which owns it, has stopped repaying loans. La Rioja's third governor since elections took office last week.

Mr Figuera knew better than to call on the Economy Ministry for help – it is battling to find money to plug a $300m hole in this year's federal budget. Yesterday, he tried the private banks.

Mr Menem's concern for La Rioja, a backward province he governed until becoming president in 1989, contrasts sharply with his treatment of other insolvent provinces. He has sent in federal administrators to implement tough World Bank-financed house-cleaning policies in two provinces and called on other provinces to stop overspending.

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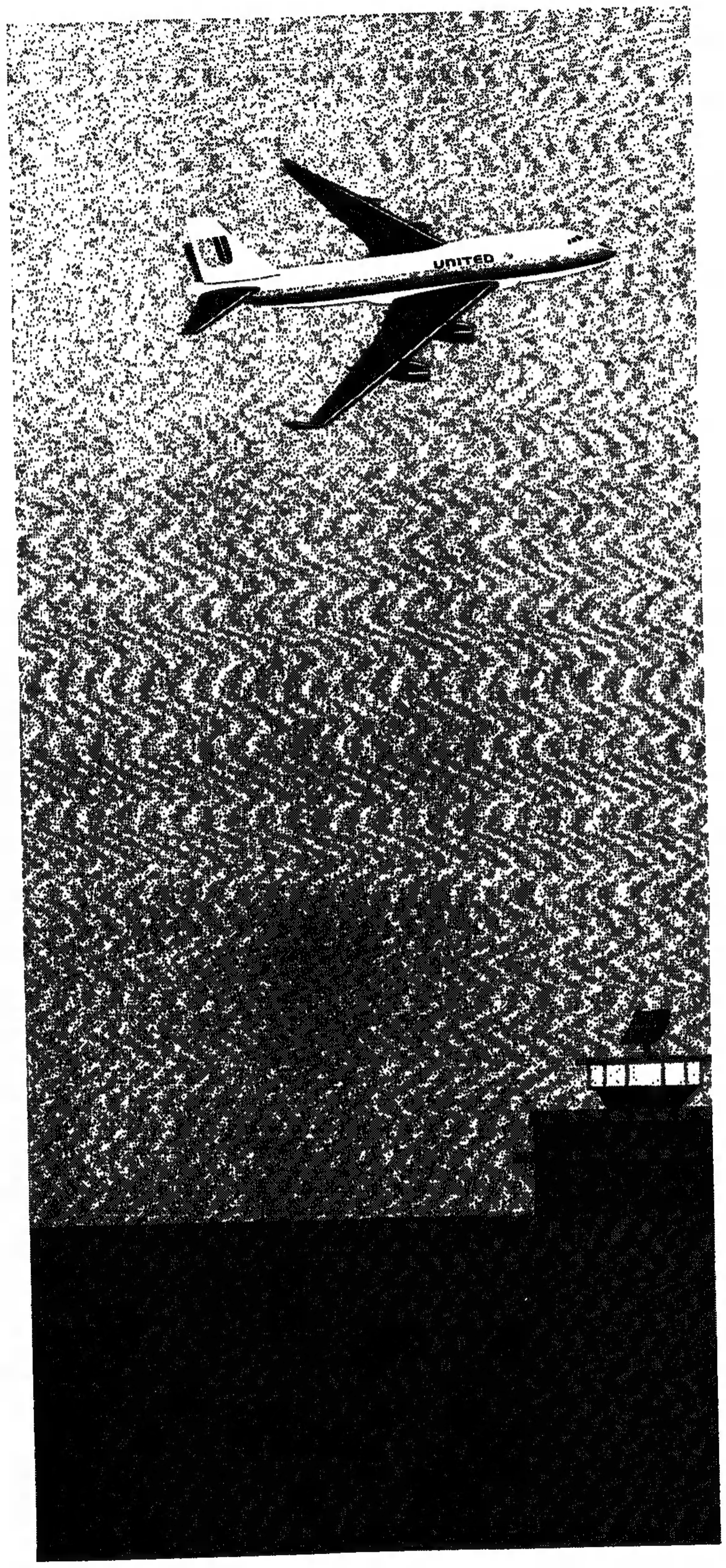

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Bahrain opens door to foreign businesses

By Mark Nicholson

BAHRAIN is trying to reverse the shattering effects of the Gulf war on its economy by allowing the establishment of foreign-owned businesses on its soil, a move virtually unprecedented among the highly protective Gulf states.

The decision is part of a government effort to lure foreign investment to the island and diversify the country's narrow industrial base.

Bahrain's cabinet has decided to grant individual ministers the discretion to let fully foreign-owned companies register there, abandoning the previous requirement that any venture on the island should be 51 per cent Bahraini-owned.

Mr Tariq al-Moayed, Bahrain's information minister, said the move was intended to "attract new technologies and new industries in new fields."

Ministers would be free to allow foreign-owned companies to set up "if the projects were deemed to be useful for the economy and create employment for Bahrainis."

Bahrain is among the least rich of the Gulf's oil-producing states and has sought to compensate for declining oil revenues through a policy of industrial diversification, notably into aluminium output and offshore banking.

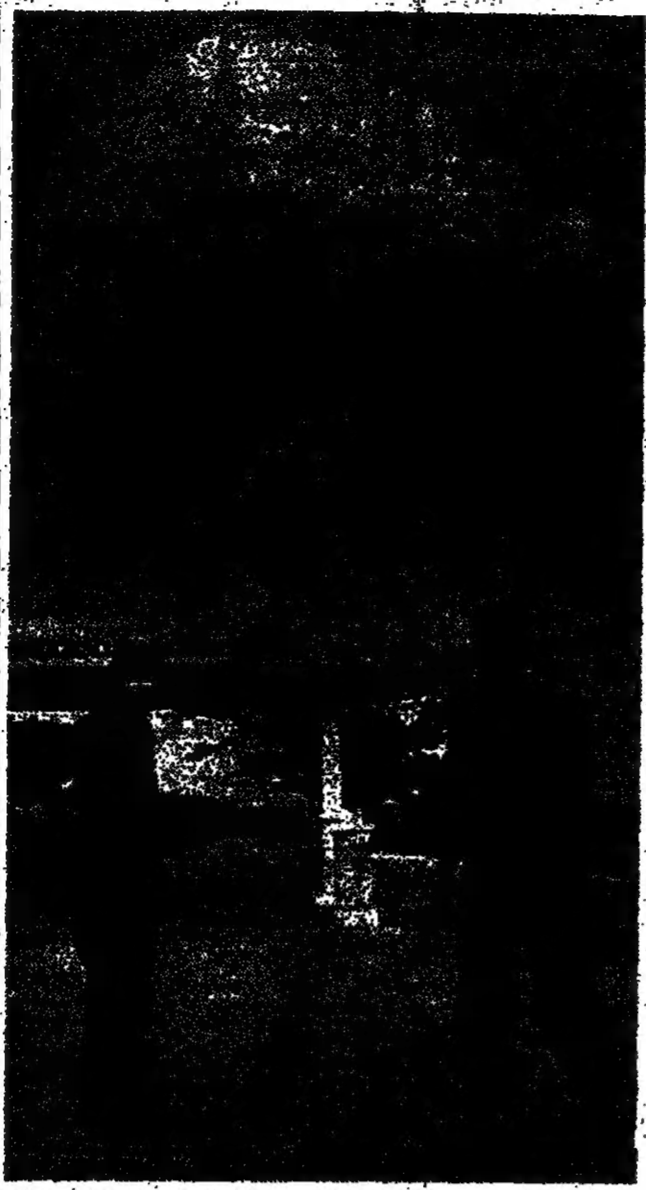
But the banking industry was badly hit by a flight of capital and confidence during the Gulf war, leading to retrenchments which seriously aggravated the country's already growing unemployment problem.

The decision to allow wholly-owned foreign companies will come as a shock to many of Bahrain's merchants who have traditionally enjoyed monopolies on the representation of foreign companies' goods and services.

Gulf state to welcome wholly-owned foreign companies

Dubai's flourishing free port of Jebel Ali is the sole exception to the Gulf rule. It has come to dominate entrepôt trade in the Gulf, by allowing foreign groups to set up fully-owned subsidiaries.

Western diplomats and bankers on the island yesterday hailed the decision as marking what one called "a total and positive change in the government's economic attitude".



US guards at Clark Air Base watch a cloud form over Pinatubo

Philippine volcano's double blow

Eruption brings economic revival to a halt, says Greg Hutchinson

MOUNT Pinatubo is spewing out more than volcanic ash for the luckless Philippines. It is also raising fears about the US presence in the country – a significant contributor to the economy – and about the overall prospects for economic growth.

For the short term, the country is seeking emergency assistance from the International Monetary Fund because of the Pinatubo eruption, in addition to its $916m facility arranged in February.

The IMF has a negotiating team in the Philippines, and will decide on the loan's size after assessing the disaster's impact on the balance of payments and a survey of available finances that government can tap.

Before the eruption in June, the economy had started to make headway after experiencing negative growth and a steep decline in industrial output in the last quarter of 1990. This was caused by an earthquake in July, a typhoon in November and the rise in world oil prices following Iraq's invasion of Kuwait.

Registering 0.2 per cent growth in first-quarter gross national product, the country had put a Christmas foreign exchange crisis behind it and by May had attained its strongest-ever reserves position.

An economic stabilisation programme agreed with the IMF and loans from the Fund and other multilateral agencies shored up the balance sheet, while fresh determination by a reshuffled cabinet curbed spending, turning round a budget deficit into monthly surpluses and causing interest rates to fall sharply.

Meanwhile, a new foreign investment law had been signed by President Corazon Aquino and welcomed by foreign businesses. The Foreign Investments Act opens up more areas to 100 per cent foreign ownership.

However, the damage to Clark Air Base and Subic Naval Station, two of the biggest American bases abroad, has put a large question mark over whether the Americans will remain at either or both, and therefore whether they will continue to be a strong support economically to the country.

The cost of reconstruction would run into hundreds of millions of dollars. Ash and other debris from Pinatubo damaged hundreds of buildings on the bases. Clark's Crow Valley training range was destroyed and the base's two runways were heavily covered and pitted by hot mud, ash and rock. Even if it can be rebuilt, Clark would be deficient for as long as the volcano, which is 10km away and in the flight path, remains active. It could continue belching ash for months or years. Washington has evacuated all dependents of servicemen and is moving out most airmen from Clark, but has said it intends to keep the bases.

The eruption has cut projections for economic growth this year to 1.5-2.5 per cent from as much as 3 per cent. The damage to crops and infrastructure could be $100m-$300m.

However, Mr Jesus Estanislao, finance secretary, asked yesterday whether the eruption would set back progress on structural reform of the economy, said: "If anything, the political will is greater than two to three weeks ago. With Pinatubo, there is a greater realisation this is no time to play footsie".

Economists, business representatives and heads of foreign banks here are divided about the future of the reforms, which include speedier privatisation of state-owned and controlled companies such as Philippine Airlines.

The IMF, Asian Development Bank and the World Bank are pressing hard for change in tax collection, capital markets and land reform, to name a few areas. They are optimistic that progress can be sustained. "By drilling holes in the edifice of protectionism, we're breaking it down and slowly opening it up," said a senior official of a multilateral agency.

The emergency loan is available in principle because the IMF and creditor governments recognise Manila has performed well in difficult circumstances. Mr Estanislao said yesterday that continued belt-tightening would be needed to counter the impact of Mount Pinatubo.

Interest rates had begun to rise again; the black market rate for the Philippine peso had shot above the official guiding rate; and there were signs that inflation might stop falling, Mr Estanislao said.

He also said that he expected no fresh foreign investments in the Philippines until after presidential elections next May, despite a recent law liberalising entry of overseas capital. "Those who have not been looking at the Philippines will not come before May 1992."

Foreign investment approvals fell to pesos 9.2bn (£200m) in January-May, from pesos 12.8bn in the same months last year, according to the Philippine Board of Investments.

Manila plans to issue bonds carrying lower interest rates to replace part of its existing commercial foreign obligations, according to Mr Jesus Estanislao, finance secretary, writes Greg Hutchinson. This par exchange scheme will be one of three options that would also include a new money request and a debt buy-back component the Philippines intends to present to its more than 200 foreign creditor banks when negotiations for a fresh financing package resume later this month.

The new financing package from the banks is expected to yield about $400m for the country in terms of new money and debt relief.

The par bonds would carry the same face value as the debts intended to be retired and it would carry a lower interest rate than the current rate imposed by the banks at 7/8 percentage point over London interbank offered rate.

US near to Turkish accord on defence force for Kurds

By John Murray Brown in Ankara

THE US believes it is close to securing Turkey's approval for the deployment of a rapid reaction force to provide security for the Kurds following two days of talks in Ankara.

No decision is expected before Friday when Turkey's new government, announced last week, seeks a parliamentary vote of confidence. Mr Mesut Yilmaz, the prime minister, may also decide to seek parliament's specific approval for any agreement to site Operation Poised Hammer, the allies' rapid reaction force, on Turkish soil.

Mr Paul Wolfowitz, US under-secretary of state for defence, leading the talks for the coalition, acknowledged there were some constitutional difficulties. However, he indicated the consultations were going well.

The main thrust of the allied proposal is to house air and ground combat troops in south-east Turkey to ensure the Iraqi military does not move back into northern Iraq and oppress the Kurds again, once the allies withdraw.

"I don't see how the secret police can survive without the Iraqi military with them," said Gen Jay Garner, head of the US forces in northern Iraq.

Diplomats suggested it would not need additional United Nations Security Council resolutions to activate the force. An agreement, they say, could be formalised with an exchange of letters, as applies to the current relief operation which has twice been extended.

The US wants to call the unit Poised Hammer but the UK is understood to favour Sword of Damocles.

Turkish officials suggested Ankara may seek to have the force operate under the Nato umbrella. A Nato agreement would not require Turkish legal sanction, as Turkey's international treaty obligations take precedence. It would also mean the force would be under Turkish command, which may appease nationalist opponents of the plan.

However, a Nato out-of-area operation would be awkward for Turkey, which is wary of becoming the Americans' springboard in the region. In addition, some of the smaller Nato members not involved in the current relief operation may also object.

Turkey is understood to want a veto for when that force is deployed. It also wants details on the triggers for deployment, diplomats say.

Mr Wolfowitz consulted with allied commanders over the weekend at Sirsenk inside the safe haven. One official at the talks suggested a key problem was how to provide an intelligence base to activate the force once the allies withdraw.

According to US officials, there are now 3,750 allied forces left inside in the safe haven. "I think we have more than enough security troops to handle any situation that we come under," said Gen Garner.

Asked over the weekend about the timing of the allied withdrawal from the safe haven Mr Wolfowitz said "We are leaving sometime and when we do, Saddam Hussein and the Iraqis had better understand they better not mess around here. This is too big an achievement to have them come back and screw it up."

Fundamentalists die in Algerian clashes

By Francis Ghilès and agencies

THE Algerian army said yesterday it had seized weapons caches at four mosques and reported four deaths, 44 injuries and 340 arrests in the latest clashes with Moslem fundamentalists.

The government says over 1,000 people, including the two senior leaders of the fundamentalist movement, have been arrested in a three-day crackdown aimed at quashing anti-government protests and agitation.

Mr Sid Ahmed Ghozali, the Prime Minister, said Mr Abassi Madani, president of the Islamic Salvation Front (FIS), and its vice-president, Mr Ali Ben-Hadj, arrested on Sunday for calling a jihad or holy war and spearheading the violence, would have to "answer for their actions" in court.

Apart from demonstrations in Mostaganem and Constantine, both in the east, the country appears to have stayed calm.

Diplomats in Algiers are divided in their views over where the crackdown might lead.

Some believe widespread unrest will break out on Friday at the time of Moslem prayers. Others say the FIS has been foiled, at least for now.

Leading members of the FIS ruling council have denounced their imprisoned leaders on state television twice in the last week, revealing a split within the party's leadership.

This comes against a background of growing public opposition to the methods of fundamentalist supporters - physical assaults on women, separation of male and female pupils in schools, closure of wine shops and cultural centres - all of which have become commonplace since the party won a majority of town councils in the local elections of June last year.

Resentment has also been fuelled by the FIS's denunciation of traditional forms of Algerian Sunni Islam and its promotion of more austere practices in accordance with the tradition of the party's Saudi paymasters.

Mr Ghozali, who formed his new cabinet two weeks ago, is, meanwhile, preparing to present his government's programme to the National Assembly, whose members still all belong to the National Liberation Front.

Few doubt his commitment to hold free elections when conditions permit but it is unclear whether fundamentalists will be prepared to respect the rules of democracy.

Elections, due to be held last Thursday, were postponed indefinitely after the FIS began its protest campaign last month, in which it demanded postponement of the parliamentary voting, an overhaul of election laws and a presidential election sooner than the scheduled date of 1995.

The front said it protested because the election laws were unfair. But some Algerian analysts believe the party wanted to disrupt the election schedule because it no longer felt confident of victory.

Mr Ghozali will meanwhile be encouraged by France's decision to back the idea of a European Community loan to support Algeria's balance of payments, which was announced at the Luxembourg summit at the weekend.

A Lebanese army tank fires on Palestinian guerrilla positions at the village of Ain el-Dib, east of Sidon, yesterday. Mr Michel Murr, the Lebanese defence minister, said the army take-over of the region was 97 per cent completed. Yesterday's fighting left two army officers killed and 56 people, mostly Palestinian civilians, wounded.

India plans reforms to boost exports

By K.K. Sharma in New Delhi

INDIA is to make "major structural reforms in trade policy" to push up its exports and reduce the $5.9bn trade deficit registered in 1990-91.

The deficit was a main reason for the balance of payments crisis which has forced the government to seek assistance from the International Monetary Fund.

Mr P. Chidambaram, commerce minister, said yesterday the changes would be initiated after the government's budget is presented to parliament later this month. The policy would aim at boosting exports and link imports to the export effort, except for such bulk items as crude oil and fertilisers.

The minister is also holding talks on relaxing the recent curbs on imports which are affecting industrial production and exports. Details are expected in the coming budget.

It will aim to cut discretionary controls and strengthen incentives for exporters by linking import capability to export earnings. Emphasis is to be given initially to increasing exports in areas in which India has a comparative advantage, such as electronics, engineering, marine products and gems and jewellery.

Monday's devaluation of the rupee by about 10 per cent was welcomed by industrialists and traders yesterday, but the government came under attack from its political opponents for what they claimed was "succumbing to pressure" from the IMF.

The chief attack came from the Hindu revivalist Bharatiya Janata party (BJP), which will be the main opposition when the parliament holds its first session from July 9. Criticism of the devaluation also came from the Marxists, from whom the government expects support during the session, and the National Front, led by Mr V.P. Singh.

Bangladesh to reject presidency

By Reazuddin Ahmed in Dhaka

BANGLADESH is poised to switch to a parliamentary form of government from the existing presidential system after a constitution amendment bill was introduced in parliament yesterday by the ruling Bangladesh Nationalist Party (BNP) to change to the Westminster system of government.

The constitution amendment bill is likely to be backed by all opposition parties except ousted President Hossain Mohammad Ershad's Jatiya Party.

The Bangladesh Awami League, the strongest opposition group, welcomed the move but called for talks in order to reach a consensus on the issue. Mrs Khaleda Zia, the prime minister, has agreed that talks should be held soon.

Mr Justice Shahabuddin Ahmed, who became Bangladesh's acting president when Gen Ershad resigned in the face of mounting protests, would thus return to the supreme court as chief justice.

The ruling party has proposed some strict provisions to ensure an orderly democratic process, because of experiences of instability in parliamentary systems in India and Pakistan in recent years. For example, the bill restricts the rights of MPs to unseat governments by crossing the floor or forming breakaway groups.

The president's power has been limited to an ability to dissolve parliament with the written consent of the prime minister.

The change of the constitution, which disqualifies from office those found guilty of certain crimes, would exclude Gen Ershad from parliament because of his conviction for possessing illegal arms unless the verdict against him is reversed by a higher court. Gen Ershad remains the leader of the 31-member Jatiya party in the 330-member parliament.

Bangladesh started with a parliamentary form of government on independence in 1971. But in 1975 the then ruling Awami League introduced one-party rule and the presidential system. Before Gen Ershad came to power, President Ziaur Rahman of the BNP restored multi-party democracy and now Mrs Zia, his widow, is returning the country to a parliamentary form of government.

Kashmir PM declares election void

By Farhan Bokhari in Islamabad

A CONSTITUTIONAL [illegible] emerged yesterday over [illegible]tan's northern state of [illegible]mir after Mr Mumtaz [illegible] prime minister of the [illegible]tonomous region, declared [illegible] and void the election last [illegible]urday which voted [illegible] out of office.

The state's election commission was also disbanded [illegible] Mr Rathore, claiming [illegible] spread ballot [illegible] appointed a judicial commission to investigate.

He claimed that he [illegible] to do so under an article [illegible] state's constitution [illegible] describes the prime minister [illegible] "the fountain-head of [illegible]

But Kashmiri [illegible] Abdul Qayyum Khan [illegible] party along with independent candidates has emerged [illegible] clear winner, said Mr [illegible] action was "unconstitutional" and "childish".

Li Peng in Cairo on first leg of Mideast 'goodwill tour'

By Our Middle East Staff

LI PENG, China's premier, arrived in Cairo yesterday on the first leg of what he described as a "goodwill tour" of the Middle East during which he is expected to address the issue of arms control in the region.

The six-nation tour, which will also take in Jordan, Iran, Saudi Arabia, Syria and Kuwait, precedes this month's meeting of the UN Security Council, at which China and the other four permanent members will discuss President Bush's Middle East disarmament proposals. The visit comes amid US concern at reports of Chinese missile sales to Syria and Pakistan. China admits having sold a small number of short-range missiles to Pakistan, but has denied the sale of M-9 rockets to Syria.

Washington warned earlier this week that China could face US sanctions if it had sold M-11 missiles, which can carry nuclear warheads, to Pakistan.

Li's visit comes amid concern in Beijing that China needs to buttress its influence in the region, following the US leadership of the anti-Iraq coalition during the Gulf war.

China has good diplomatic relations with most countries in the region, and has supplied arms, especially missiles, to several Arab governments. The issue is likely to be raised during Li's tour in the context of Mr Bush's proposal to outlaw sales of destabilising missiles to the region. Before leaving Beijing, Li said it was premature to discuss punishing Iraq if UN inspectors find Baghdad is stockpiling nuclear bomb-making equipment.

Asked about Iraq's nuclear capabilities, Li said: "China has little or no knowledge about this, so it is very difficult to predict what kind of action we are going to take in these circumstances."

● UN investigators held fresh talks with Iraqi officials on Baghdad's alleged attempts to hide its nuclear secrets yesterday, with no sign of a breakthrough, agencies report from Baghdad.

Mr Bush has not ruled out attacking Iraqi nuclear facilities and sites if Baghdad does not reveal them to the UN team. UN officials said "firm demands and requests" had been made to the Iraqis. They had given Baghdad a last chance to produce a secret cache of equipment or face "serious consequences." The investigators would not say if Iraq had been given a deadline.

Fragrant Hill warriors gather for the Grey Cloud battle

PLANNERS in Beijing have rarely stopped to count the environmental cost of China's rapid economic expansion in the past decade, writes Yvonne Preston in Beijing. But the scale of the pollution problem is such that officials, including Li Peng, the prime minister, have recently increased their appeals for international technical and financial help.

Thirty-two Chinese scientists and six international experts recently met in Beijing's Fragrant Hills to discuss environmental pollution and the health hazard it poses. The Chinese scientists acknowledged the seriousness of pollution in China but made the familiar developing country's point that the industrialised countries were responsible for 75 per cent of the world's toxic emissions. China, they said, contributed a per capita 0.8 per cent of the developed world's pollutant emission average.

If China doubled its energy consumption, per capita emissions would still be less than a fifth of the per capita average of the developed countries, the Chinese experts argued.

China wants acceptance of the principle of equity. The scientists quoted the per capita emission figures to make the equity point, they said, not to dilute the seriousness of the China's pollution problem with the weight of Chinese numbers. China, they said, wanted co-operation and technology transfers from the developed world for third world countries tackling pollution control.

China's policy is to cut the rate of increase of carbon dioxide emission, to stabilise emission levels by the turn of the century, then to reduce the gross amount of emission.

Raising the low energy efficiency level is a primary component of a policy also aimed at using more hydro-electric and nuclear power and at large-scale afforestation and re-afforestation.

But pollution will be a long-term problem for China. Its dependence on coal-fired energy for industrial and domestic use has exacerbated the problem of development-related pollution, which is expected to worsen as China's economy grows faster than the world average over the next decade.

On one front alone, the current five-year plan allows for the production of a further 800,000 cars, the sales of which are up 40 per cent on the previous year's figure. China also suffers from heavily polluting rural township industries, such as small paper mills.

Acid rain is an important component of regional pollution, especially in south-west China, while photochemical smog, first located near the petrochemical complexes of Lanzhou in the western province of Gansu, has become a feature of Beijing's polluted atmosphere as a result of its fast-expanding car population.

Pollution has a regional dimension in China but photochemical smog is also expected to become a serious problem in southern China, where there is more sunlight to react with hydrocarbons and nitrogen oxide.

At the Beijing conference, Mr Mike Hulme, from the Climate Change centre at the University of East Anglia, spoke for the foreign experts, who were impressed by the research now being done in China and the efforts being made to tackle the problem. He said the will was certainly there among Chinese scientists.

The World Wide Fund for Nature has been co-operating for 10 years with China's Forestry Ministry to conserve the threatened giant panda and now hopes to work with China's State Meteorological Administration on scientific solutions to pollution problems.

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declares
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YES. IT IS A VOLVO.

Your surprise is understandable. After all, the sophisticated new Volvo 960 is unlike any Volvo you've ever seen.

To begin with, under the bonnet is the smoothest engine Volvo has ever designed: a 204-HP, six-cylinder, 24-valve inline power plant rendered entirely in die-cast aluminum.

Governed by a microprocessor, this engine produces an astonishingly broad power band (90% of its torque is available from 2,900–6,000 rpms). Which creates a feeling of unceasing strength that is only further heightened by the almost total absence of noise or vibration. And married to this totally new engine is a new electronically controlled automatic transmission. Utilizing computer circuitry, this transmission enhances the engine's already powerful character by offering three distinct modes—Sports, Economy and Winter. Plus the transmission provides an automatic downhill braking function and automatically adjusts engine performance at higher altitudes.

Yet for all these changes, the 960 4-door Saloon and 5-door Estate remain faithful to all the virtues for which Volvo is best known. Safety, as manifest by the 960's standard ABS anti-lock brakes and a new center position 3-point seatbelt in the rear. And durability as evidenced by the fact that the 960's new engine is so well made its oil change interval is 15,000 km.

So while the owner of a new 960 may delight in people's surprise at discovering the maker of this new automobile, he or she can also take comfort in another important fact:

Yes. But it's still a Volvo.

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Barlow Clowes trial hears of 'flagrant fraud'

By Raymond Hughes, Law Courts Correspondent

MR PETER Clowes, head of the collapsed Barlow Clowes fund management empire, yesterday appeared in court in London to face charges that included the theft of more than £16m from investors.

The prosecution alleged he and three associates committed "a flagrant fraud on a massive scale", then lied and cheated to cover it up when the Department of Trade and Industry began to investigate.

Investors, many elderly and retired, had entrusted their life savings to offshore Barlow Clowes managed funds, believing them secure in British government stocks

In fact their money was used by Mr Clowes and his co-accused "to live the life of Riley," it was alleged. They had bought houses, a farm, yachts, expensive cars, a French vineyard and shares in public and private companies.

When the offshore empire collapsed liquidators found £115m liabilities to investors and only £1.9m in gilts. "The rest had been used by the defendants," the prosecution alleged.

More than £113m invested in Mr Peter Clowes' Barlow Clowes fund management empire had been "milked" in "a flagrant fraud on a massive scale", the Old Bailey was told.

Mr Clowes and three of his former associates were alleged to have stolen money from investors and then lied and cheated to cover their tracks when the Department of Trade and Industry investigated the organisation.

Mr Clowes, Mr Peter Naylor, Mr Guy Cramer and Mr Christopher Newman are charged with stealing £16.9m from investors in offshore Barlow Clowes managed funds. Mr Clowes faces 10 theft charges, Mr Naylor four, Mr Cramer six and Mr Newman seven. Mr Clowes, Mr Naylor and Mr Cramer are also jointly charged with conspiring to contravene section 13 (1) of the 1958 Prevention of Fraud (Investments) Act, which deals with false statements made to induce people to invest. Mr Clowes alone is accused of eight offences under the subsection.

All have pleaded not guilty.

Mr Alan Suckling, QC for the Serious Fraud Office, said the dishonest scheme had been "as old as the hills": to persuade people to entrust their savings by telling them they would be kept safe in a rock-solid investment in British government securities.

"But you don't put it in a rock-solid investment – you make good deficiencies with fresh money from new investors and you lie and cheat to cover your traces."

Mr Suckling said that between October 1983 and May 1988 offshore companies and partnerships controlled by Mr Clowes had obtained millions of pounds from UK investors.

The trial, expected to last six to nine months, continues today.

Peter Clowes yesterday as he entered the court building on the trial's opening day

Inquiry clears banks of unfair practices

By Philip Stephens, Political Editor

A GOVERNMENT investigation has cleared Britain's leading banks of uncompetitive practices in the charges they levy on small businesses.

Officials said last night the inquiry, conducted by the Treasury and the Bank of England, had shown the banks had passed on the benefit of recent interest rate cuts to the majority of their small business customers.

It was ordered last month by Mr John Major, the prime minister, after allegations from small businesses that the banks were not passing on the lower cost of borrowing sparked a major political row at Westminster.

The Treasury's detailed study of the charges levied that the interest rates charged for loans to small businesses by the banks had in general fallen by close to the 3.5 percentage point drop in base rates seen since November.

It did, however, suggest that the banks had been guilty of "high-handed" treatment of their small business customers, frequently not informing or consulting them about adjustments to their charges.

In some cases the banks had pushed up their margins by about 0.5 points. They had justified the move by the rise in bad debts from small businesses and by the need to protect their own balance sheets.

The Treasury has also concluded that the small business sector of the financial services market was one the least competitive.

Crucially, however, Mr Norman Lamont, the chancellor of the exchequer, has found that there is no evidence that the banks have operated any form of cartel in fixing either overdraft rates or other charges.

Sir Gordon Borrie, the director-general of fair trading, has already indicated that the Office of Fair Trading has yet to find any evidence of uncompetitive practices.

Lamont under pressure to get inflation down 'to near zero'

By John Gapper

MR Norman Lamont, the chancellor of the exchequer, will today face a united call from employers and unions to commit himself to reducing inflation to near zero within three years in order to improve Britain's industrial performance.

The call will come at a meeting of the National Economic Development Council (NEDC) – the forum in which the government, employers and unions discuss the economy – chaired by Mr Lamont.

The meeting will discuss an unprecedented memorandum submitted by the 15 chairmen of the NEDC's sector groups and working parties, which examine the state of a range of industries and sectors.

The memorandum contains a series of detailed microeconomic recommendations for raising Britain's performance to the levels of Germany and Japan. It calls for a "national commitment" to a target of near zero inflation by 1994.

It is the first time since the NEDC was set up in 1962 that its chairmen have submitted a memorandum. Among them are Sir John Cuckney, chairman of the 3i venture capital group owned by Britain's leading clearing banks, and Sir Brian Wolfson, chairman of Wembley, the leisure company.

The chairmen also include two union leaders – Mr Bill Jordan, president of the AEU engineering union, and Mr Eric Hammond, general secretary of the EETPU – who have endorsed the idea of a commitment to lowering inflation.

The memorandum accompanies an analysis of the superior economic performance of Germany and Japan written by Mr Walter Eltis, the director general of the National Economic Development Office, which carries out research for the NEDC.

If Mr Lamont accepted the target, it would be the first time since 1986 the government has made such a commitment. Mr Nigel Lawson, then chancellor, said in 1986 that he wanted to eliminate inflation in the following parliament.

There has been strong concern among the NEDC working parties, that industrial competitiveness was badly affected by the surge in inflation in the late 1980s.

The chairmen believe the government's efforts to control inflation through high interest rates have damaged industrial performance. Similar criticism has come consistently from leaders of the CBI.

Today's NEDC meeting will be attended by leaders of the TUC and CBI. The chairmen's paper is part of an attempt by the National Economic Development Office to raise the profile of its working groups.

● Mr John Major, the prime minister, yesterday told the House of Commons, that scepticism over the accuracy of government forecasts that the economy would move out of recession in the second half of this year was unfounded.

Shell executive issues warning on North Sea output

By Deborah Hargreaves

KEEPING up the momentum in the North Sea is crucial as it reaches maturity and oil output starts to decline, speakers at the Financial Times' North Sea Oil and Gas conference stressed yesterday.

Dr Chris Fay, managing director of Shell UK exploration and production, said that if successful development is to continue, the UK tax regime must match changing circumstances.

He told the confernece in London that the tendency for construction activity in the North Sea to go in fits and starts should be broken.

"The current hype and overheating is simply dangerous," he said. "The North Sea is inherently a high-cost production area and economically cannot sustain the added burden of overheating and inflation rates currently in the order of 20 per cent."

Much future development in the UK sector of the North Sea will come from smaller fields that will be served by unmanned satellite stations linked to the larger platforms.

Some 40 per cent of the North Sea's reserves or around 7bn barrels will come from small offshore fields containing less than 100m barrels of oil, Dr Fay said.

But expenditure on exploration and development in the North Sea is set to tail off from its current high levels, according to Mr Tony Mackay, managing director of Mackay Consultants. He estimates that total spending this year will reach $11.2bn but drop steadily to $9.4bn by 1995.

"What the UK is experiencing now is a mini-boom," Mr Mackay said, "this will end at the end of 1992 or first half of 1993 and then there will be a steady decline for the rest of the decade."

Gas will play an increasing role in the North Sea as its importance as an environmentally-sound fuel increases. "Even conventional forecasts indicate a European gas supply gap emerging during the 1990s, with the need for substantial imports," Dr Fay told conference delegates.

Norway could be in a position to fill part of that demand. Dr Thorleif Enger, senior vice president from the exploration and production division of Norsk Hydro said that while the share of gas in Norwegian fields currently in production is 25 per cent, it is more than 75 per cent in the fields still to come on stream.

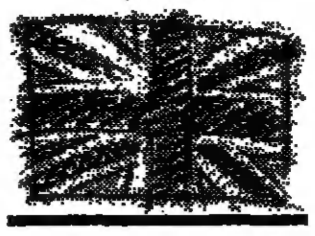
Norway is also aiming to increase its exports of gas to 60bn cubic metres of gas a year by 1995, when the country's Europipe pipeline comes on stream, from a current level of 30bn cubic metres a year.

Other speakers at the conference were Mr John d'Ancona, director general of the UK Offshore Supplies Office, Dr Ter Gast, gas purchase manager for Gasunie in the Netherlands, Professor Alexander Kemp, Department of economics, university of Aberdeen.

In addition Mr Peter Gaffney, senior partner in Gaffney, Cline & Associates, Mr Robert de Bauw, principal adviser to the director general for energy at the European Commission and Dr Robert South read a paper on behalf of Mr Ron Probert, managing director of gas supply at British Gas.

The conference continues today.

BRITAIN IN BRIEF



Labour calls for apology on arms sale

The opposition Labour Party called on the government to apologise for misleading MPs over its involvement in the "selling of arms" to Iraq. Mr Allan Rogers, a Labour defence spokesman, referred to a report in the Financial Times yesterday for a multi-million pound contract for a missile testing complex involving International Military Services, a government defence sales company.

Mr Alan Clark, minister of state for defence procurement, said IMS was given a licence by the Ministry of Defence to market the design in 1979. He explained that the contract was completed in 1987 because of a two year delay in letting the construction contracts,which went to a south Korean company. "Originally,the facility was due to be finished in 1984, and the safety and monitoring equipment was shipped in 1983," he said. "All necessary government approvals were obtained prior to IMS signing the contract in 1981."

Reserves up by $593m

Britain's official reserves rose by an underlying $593m last month, thanks partly to a payment of $300m from Saudi Arabia and $30m from South Korea towards the costs of the Gulf war. The reserves were also boosted by proceeds of $285m arising from the privatisation of two Scottish electricity companies.

ERM helps 'price stability'

Sterling's membership of the Exchange Rate Mechanism is helping in Britain's battle for price stability, Mr Robin Leigh-Pemberton, governor of the Bank of England said.

Mr Leigh-Pemberton told a meeting of small businessmen in London that inflationary expectations were falling because it was understood that depreciation of the currency was no long available.

Bank makes 42 redundant

British & Commonwealth Merchant Bank, part of the B&C financial services group which went into administration last summer, has made forty-two people redundant. The lay-offs follow a decline in the number of transactions handled by the bank, in line with a similar decline at other banks, and comes amid continuing doubts about its future.

Duty paid allowances rise

Travellers' duty paid allowances have gone up by 50 per cent just in time for the holidays - the first increase for 22 years.

Duty free allowances remain the same, but from now until the single market removes all limits on cross border goods at the start of 1993, travellers in Europe can bring back up to £420 worth of purchases, compared with the old maximum of about £270.

Scepticism on business upturn

The world business community remains sceptical about the prospects of global economic recovery in the second half of this year, a delegation from the International Chamber of Commerce has told Prime Minister John Major.

The ICC, which has members in more than 100 countries, has called on the heads of government to make their first priority the successful conclusion of the Uruguay Round trade negotiations, which collapsed last December.

Rail link will help commuters

British Rail and London Underground have embarked on a campaign to sell the potential benefits of Crossrail, a £1.5bn underground line due to open between east and west London in 1999.

The line will ease the daily journeys of thousands of commuters in the south-east by reducing congestion, eliminating the need to change trains and cutting journey times. However, the extensive surface works needed to build the line will create severe disruption in central London and cause controversy through the need to demolish shops and commercial properties.

BBC selects director-general

Mr John Birt is to become the next director-general of the BBC in succession to Mr Michael Checkland.

The governors of the BBC have decided to extend Mr Checkland's five-year contract by only one year until the end of February, 1993.

Mr Birt, the present deputy director-general who has been responsible for reorganising BBC journalism, will take over at the beginning of March, 1993. Observer, Page 12

Postage prices set to increase

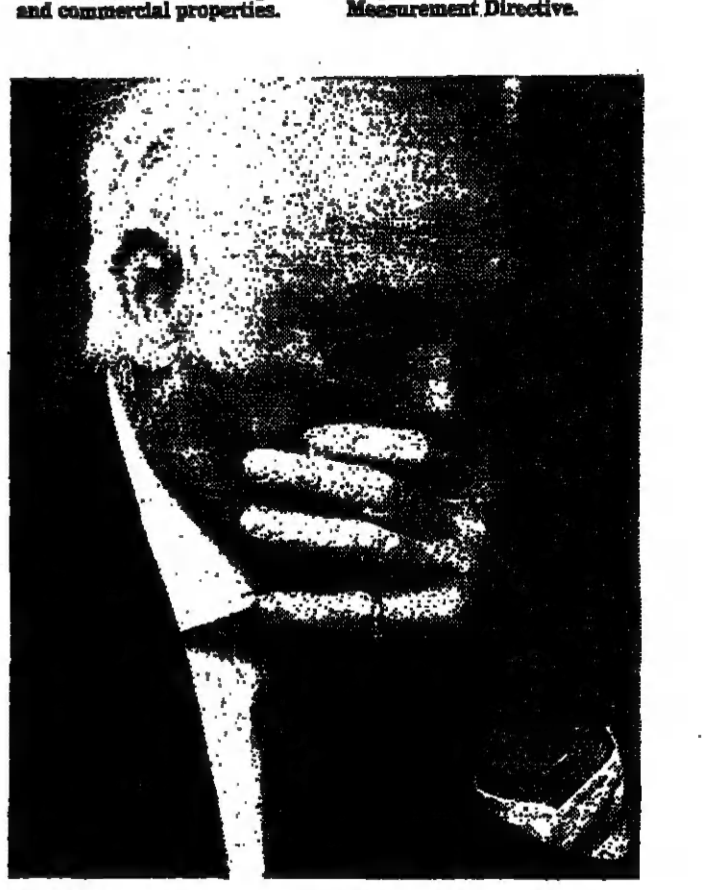
Plans to increase the price of first class postage by 2p and second class by 1p were announced by the Royal Mail today. The rises, to 24p and 18p, will be the first in 12 months and take effect from September 16 if the government gives approval.

Travel staff back on full pay

Thomas Cook, the travel group, is to put its 6,900 UK staff back on full pay from September. Junior staff took a 1-2 per cent and directors a 10 per cent voluntary pay cut in March. The move reflects the increased confidence of the travel industry following the end of the Gulf war.

That'll be a pint

Pubs will continue to serve beer in pints whatever measures the EC may take and the milkman will still leave pint bottles on the doorstep. Mr Peter Lilley, trade and industry secretary, confirmed that these imperial units would be retained despite the EC 1989 Units of Measurement Directive.



English Heritage, the organisation which manages 400 nationally-owned historic buildings, has failed to find a new chairman to replace Lord Montagu of Beaulieu who had been due to retire in September. Lord Montagu, pictured yesterday after English Heritage announced its decision, will stay in his post until March 1992. English Heritage advises the government on heritage preservation and finances conservation projects.

Nissan UK chief seeks damages from Japan

By John Griffiths

NISSAN UK (NUK) chairman Mr Octav Botnar yesterday accepted that his import/distribution company "has no future" with the Japanese car maker.

NUK has held the exclusive franchise for the distribution of Nissan vehicles in the UK for 21 years and is now in a fierce legal battle with Nissan Motor, Japan's second largest car maker, which has cancelled NUK's distribution contract from the end of 1991.

Mr Botnar has also made clear his intention to

● seek substantial damages from the car maker in relation to disparities between the number of cars Nissan UK and Nissan Motor intended selling in the UK over the next five years.

● Seek a two-to-three year transition period to switch the 220 dealers he controls from the Nissan to other franchises

● Challenge in the Appeal Court later this month, with what is asserted to be new evidence highlighted by Nissan Motor itself, a recent High Court ruling that the car maker's decision to sever its ties with NUK from the end of this year must be referred to arbitration in Japan.

NUK is also appealing against the court's refusal to grant NUK an interim injunction preventing Nissan Motor from making the break and setting up its own dealer network from January 1, 1992.

Last month's High Court ruling was based on an acceptance by NUK's lawyers that the original 1971 agreement under which Mr Botnar first became Nissan's UK importer, still existed.

This agreement provided for any serious dispute between the two parties to be settled by arbitration in Japan.

Mr Botnar, however, yesterday insisted that the basis of the 1971 accord was mutually agreed sales targets and the granting of exclusive UK distribution to NUK.

Hard ride jolts car manufacturers into price war

The recession and shrinking demand has prompted Ford to kick-start a recovery, writes Kevin Done

FORD'S unprecedented decision to cut prices across all its model ranges will set the alarm bells ringing throughout the motor industry in Britain.

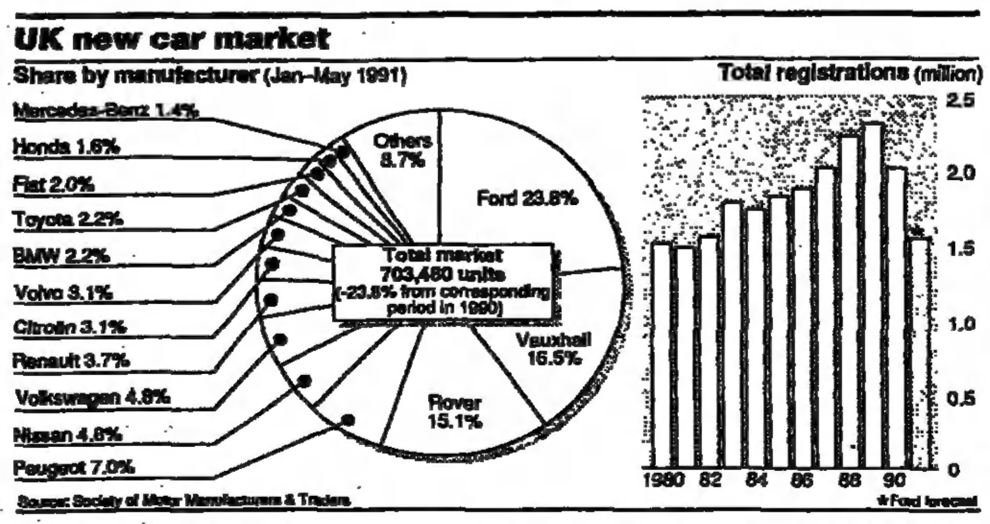
Such a remarkable move by the best selling manufacturer in the UK new car market cannot be ignored by any of the other volume car makers operating in Britain. The announcement – to Ford dealers in Birmingham today – will herald the start of a fierce car price war.

Ford, like most of its rivals, has been battered by the recession, but it had been counting on an upturn in demand in the second half of the year with high hopes riding on the August market.

August traditionally accounts for more than a fifth of all UK new car sales with demand stimulated by the change of registration number prefix. Ford warned last week however, that it was expecting new car sales next month to total only 330,000, a 24 per cent fall compared with August last year.

With its assembly plant at Halewood, north west England, being forced to go on to a three-day week in September because of the continuing slump in sales, Ford has decided that it is time to take drastic action to kick-start a sales recovery.

Car makers in the UK are suffering one of the steepest slides into recession in the post-war period. New car sales have been falling for 22 months and demand in May was 40 per cent below the corresponding month two years ago.



Source: Society of Motor Manufacturers & Traders

The fall in UK new car sales accelerated in May – the latest figures available – with a 30.9 per cent drop, the steepest monthly year-on-year decline in the current recession. Registrations plunged to 120,162 from 173,896 a year ago, the lowest May sales since 1975.

Amid the increasing gloom Ford warned last week that it had again reduced its forecast for total UK new car sales this year to only 1.55m. This would represent a 22.5 per cent fall from the 2m sales achieved last year. It would take sales back to the level of 1982.

According to Mr Colin Hope, chairman of T&N, the UK automotive components group, and the new president of the Society of Motor Manufacturers and Traders the motor industry in Britain is being "seriously damaged" by the recession.

UK car makers are still smarting from the impact of the budget, which they considered to be a direct attack on the motor industry at a time when sales were already falling steeply.

Out in the market place, however, there are strong signs that it is not only recession that has hit new car sales but also the actions of the manufacturers themselves.

During the recent years of spiralling demand, makers became easily accustomed to raising their prices several times a year, and usually ahead of the rate of inflation.

In the process, retail buyers appear to have become disillusioned with the car makers. Instead of paying inflated prices for new cars – and suffering heavy depreciation of 50 per cent or more in the first two years, buyers have increasingly turned to the used car market.

That market has been "buoyant" this year, says Mr Walter Hill, managing director of CAP Nationwide, the publisher of one of the leading guides to used car prices.

He dismisses suggestions that the strength of used car prices could be seen as an early sign of an imminent recovery in new car demand. Instead he sees used car prices as an indicator of what buyers are willing to pay for a car, as against new car prices dictated by the manufacturer.

Confirmation that the used car market has held up well came this week with the financial results of the Reg Vardy retail motor group, which announced pre-tax profits for the 12 months to the end of April virtually unchanged on the previous 12 months.

The group said it had "sought to exploit to the full the continued strong demand for used cars. The resultant strong margins achieved have in part redressed the shortfall in profitability from new vehicle sales."

The car makers themselves and their components suppliers have not been so fortunate, except where they have been able to compensate for the recession in the UK by increasing exports.

Car production in the first five months at 569,268 was 6.1 per cent higher than a year ago. Production for the domestic market dropped steeply by 28.5 per cent to 288,265, but this was compensated by a 110.5 per cent jump in export production to 281,003. Car output for export markets in May alone was 159.6 per cent higher than a year ago at 55,618.

Vauxhall, the UK subsidiary of General Motors, has maintained production levels thanks to its export programmes and the strength of demand in Germany, whereas Peugeot-Talbot has been forced to cut its workforce by around 10 per cent with 691 voluntary redundancies at the beginning of the year.

Luxury car makers like Jaguar and Rolls-Royce Motor Cars have suffered in particular facing recession not only in the UK but also in the US, their most important market worldwide.

Jaguar is halting production of its XJ6 saloon range for two four-day periods in the summer by extending the holiday shutdown and will work a four-day week on its saloon car assembly line from early August to late September.

Jaguar sales worldwide fell to only 10,846 in the first five months from 19,928 in the corresponding period a year ago, while output has been more than halved to only 10,890 from 21,420 a year ago.

BMW's wholly-owned UK importer said last month that it was planning to cut jobs and abandon plans to expand its dealer network. BMW (GB) believes the UK market faces long-term difficulties, so the company is being scaled down.

Its marketing strategies had been based on being able to sell up to 60,000 cars a year in the UK. It now believes it will be unable to sell more than 40,000 to 50,000 cars a year for the foreseeable future.

New car prices were already on the public agenda with the Monopolies and Mergers Commission investigating claims that car makers charge excessive prices in the UK compared with other European markets.

Ford's action comes in response to the recession, but British car buyers could be justified in concluding that they were being overcharged.

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*Based on consumer complaint statistics compiled by the U.S. Department of Transportation. ©1991 Delta Air Lines, Inc.

MANAGEMENT

Mum's not the word in the corridors of power

Diane Summers explains why motherhood and a top job seem incompatible

The chief executive is on *maternity* leave. The words have a startlingly unfamiliar ring to them for three reasons. First, they must mean the chief executive is a woman; second, she is likely to be relatively young; and third, she presumably plans to combine motherhood with a senior management position.

The rarity value of women in senior management positions is evidenced by the press reaction last month to the appointment of Kathleen O'Donovan as BTR's finance director.

News of 34-year-old O'Donovan's new job with the UK-based industrial conglomerate merited widespread press coverage because, among the top post-holders at the top UK 100 companies, she will be virtually alone in a sea of middle-aged male faces.

Even at less exalted management heights in British industry it remains unusual to find women – young or otherwise – and rarer still to find mothers. Indeed, only one in four junior managers and just one or two per *hundred* senior managers is a woman.

Only 58 per cent of women managers are married, compared with 93 per cent of male managers, according to British Institute of Management figures. Of the married women, half have children compared with nearly nine out of 10 of their married male counterparts. In other words, male *managers are three times more likely* to have children than their female colleagues.

Many women are simply not prepared to forgo marriage and children – a personal cost their male colleagues are not as likely to be required to pay.

Anna Wyatt is one chief executive who is on maternity leave; she runs a business employing 17,000 people with a gross budget this year of £560m. She plans to return to work in September when her daughter Molly will be five months old.

It is no coincidence that the position she has occupied for the past six years, chief executive of Southwark Council in south-east London, is in the public sector. Public-sector employers, on the whole, have much to teach companies about the employment and promotion of women, as a recent study by the Policy Studies Institute[1] revealed. Women in the public services, PSI found, were twice as likely to continue in paid work after the birth of a baby as women in the private sector.

The British Institute of Management's figures on management and motherhood are likely to be weighted towards the private sector because they are drawn from the institute's membership. But, even if they are roughly right, says Wyatt, they present a grim picture.

"You've got the majority of the male population enjoying the benefits of a family as well as the benefits of work. Meanwhile, a large percentage of women have had to relinquish the possibility *of half of that life experience*, which is awful," Wyatt observes.

Middle age is the point at which many men re-evaluate their priorities; a female manager rethinking her life at that age may be too late to find a partner and have children. Perhaps women rarely consider this consciously when they are deciding to take the next promotion, says Wyatt. "It may be that you just get on the treadmill." Those women who do feel they have lost out find the subject so painful that it is not often discussed.

Wyatt, now 45, gave birth to Molly at the eleventh biological hour. Her first daughter, Gudrun, who is 22 years old, was born before Wyatt's career really got under way. *As atypical in* her child-bearing as she has been unconventional in her career progression (from theatre administration to university; teaching to wholesaling; an *inner-city business development* project to local government) Wyatt serves as an example of how women do not necessarily fit the traditional, male career templates.

So why is it that marriage and children conflict with women's career development, while they seem to complement men's progression? A recent report by the National Economic Development Office[2] concluded that the answer lies both in the uneven distribution of domestic responsibilities and the pattern of management careers.

Employers may be able to do little to change the fundamental reasons for women being landed with the largest share of housework and childcare.

However, employers concerned with retaining women – at what is likely to be a crucial stage in female employees' careers – are increasingly examining measures such as more flexible forms of working, enhanced maternity leave, career breaks and *childcare* provision.

Says Wyatt: "If organisations want to get more women into management, they have to adapt to the notion that the majority of women are going to have children. I'm not sure there has been a fundamental change of attitude; it's more that people are realising that there are advantages in having women in management and, if they want them, they will have to adapt to the reality of women's lives."

The absence of available childcare is a particular obstacle for women in the UK, especially those wishing to pursue full-time careers. A European Commission[3] *report at the end of last* year found that the UK and the Republic of Ireland are bottom of the league in the provision of publicly-funded services for children of working parents.

Moreover, the gap between the best and the poorest childcare providers in the EC has widened over the past five years with Denmark, in top position, now spending nearly seven times more per head of population on childcare services than does the UK and Ireland.

For some women with children, the decision to work part-time is not their first choice; *ad hoc* childcare, perhaps provided by a *grandmother* or other relative on a part-time basis, is all that is available or affordable.

For others, as Nedo points out, "who want *to spend at least some* daylight hours with their children, a full-time management career becomes almost impossible".

The problem is that part-time work *is currently* a career killer. Employers which may allow or even encourage part-time work or job-sharing for lower-grade employees operate a ban on anything other than very full-time employment for managers.

In addition, several studies have pointed out that employers often assume part-time workers to be unambitious when the reverse may be true. Part-timers, therefore, commonly *end* up being excluded from training and promotion opportunities.

Alan Drinkwater, manager at IBM with responsibility for equal opportunities, sums up the widely-held view that part-time work, including job shares, and even first-line management jobs are incompatible.

"It wouldn't be fair on those employees being managed. The first-line manager should be available to manage employees – their work, personal circumstances and aspirations – and we feel it wouldn't be appropriate to have only a part-timer to do that."

The recession appears to be accentuating this reluctance to make managers of part-timers. "With lots of competitive pressures we're giving managers more employees to manage. It wouldn't be fair on employees, nor *on* managers, to expect them to man*age 10 or 20 employees part-time*," says Drinkwater.

Conversely, the British Institute of Management argues that any manager with a multi-functional responsibility is already managing each function part-time. "It seems more likely to be an attitudinal perception that senior managers cannot adequately fulfil their responsibilities on a part-time basis," reports the BIM[4]. Wyatt echoes this view: "I'm not quite sure what has propelled us into the view that management is about working 12 hours a day with one person doing all parts of the job.

"This institutional inflexibility about how organisations are managed is very British – they're much more flexible on the continent," says Wyatt, who participates in a Europe-wide network to promote women's management development.

Even where employers are not averse to junior managers working part-time and where they have put *money into childcare schemes*, there is evidence that the numbers of women feeding through to senior jobs will remain low until rather more fundamental reforms of hours and job structure are considered.

The fact remains that management jobs make heavy, some would argue unacceptable, demands on men as well as women. Some see evidence of a breakdown in the old order, with men, themselves, no longer wishing to dedicate their lives to work so completely. Cary Cooper, professor of organisational psychology *at* the University of Manchester Institute of Science and Technology, perceives some change in priorities in particular among younger male managers.

"Achieving success is not the be-all and end-all – they want to have some time to themselves," he says.

In continental Europe, Cooper found that 40 per cent of chief executives under the age of 50 were not only unhappy with the jobs they were doing at the time, but were thinking of quitting the whole business of senior management in industry.

[1] *Maternity Rights: the Experience of Women and Employers, first findings*
[2] *Women managers: the untapped resource*
[3] *Childcare in the EC 1985-1990*
[4] *Survey of Women Managers – interim report.*

An earlier article on women in management appeared on May 7.

Anna Wyatt, with her daughters, Gudrun, 22, and Molly, two months: "inflexibility about how organisations are managed is very British"

Coming to terms with disability

Fiona Thompson offers some advice to employers

Do not use the expression "disabled toilet"; toilets are either accessible or not.

Treat workers who have disabilities as adults; do not use gestures more suitable for children, such as patting a wheelchair-user on the head.

These injunctions might seem obvious – just common sense. However, people with disabilities constantly face barriers to their progress at work because of negative attitudes *and misconceptions, according* to the Employers' Forum on Disability, the national employers' organisation concerned exclusively with the training and employment of people with disabilities.

The key to breaking down the barriers is understanding the importance of language and behaviour. By recognising this, employers can do a great deal to ensure that employees with disabilities can compete and flourish on equal terms.

The forum, whose founders *include Shell UK, B&Q*, Wellcome, Barclays and Midland, has published a leaflet, Disability Etiquette, which offers practical advice on how to *avoid inappropriate* language and behaviour.

As far as the terminology is concerned:

● do not use "the handicapped" or "the disabled", rather say "disabled people" or "people with disabilities". The word handicapped is regarded as particularly offensive as it carries connotations of seeking charity.

● do not use words or phrases which invite pity or reinforce impressions of frailty, such as "victim of", "crippled by", and "suffering from", instead say "person who has ...", or "person with ...".

● do not say "wheelchair-bound" or "confined to a wheelchair". Instead say "wheelchair-user"; for many users a wheelchair represents freedom.

● do not use words like *spastic, cripple*, retarded or *defective*, and phrases like blind as a bat, deaf and dumb, and mentally deficient, which reinforce damaging and inaccurate *images of disability*. Behaviour is equally crucial. The importance of common courtesies cannot be overestimated.

● do not lean on a person's wheelchair. The chair is part of the body space of the person who uses it.

● offer assistance to a disabled person if you feel like it but wait until your offer is accepted before you help.

● talk directly to a disabled person rather than to a companion.

● when talking for more than a few moments to someone in a wheelchair try to put yourself at his or her eye level to avoid stiff necks.

● don't be embarrassed about using common expressions such as "see you later" or "I'll be running along then" which may relate to a person's impairment.

● when meeting people with a loss of vision, first identify yourself clearly and introduce anyone else who is present.

● do not leave someone talking to an empty space. Say when you wish to end a conversation or to move away.

Employers interviewing people with disabilities should follow certain guidelines.

● remember that questions concerning an interviewee's disability should be restricted to those relevant to work.

● emphasise abilities, achievements and individual qualities, but avoid putting people with disabilities on a pedestal.

● do not make assumptions about an individual's ability to perform certain tasks. Disabled people often develop innovative solutions to everyday challenges, with or without technical aid or personal support.

● if a handwritten application form is required, ask if it is necessary. Some people may need someone else to fill it in, or may need to use a computer or tape.

There are 6.2m people with disabilities in the UK, and of those of working age, 31 per cent are in work. While all organisations with more than 20 workers are required by law to fulfil a 3 per cent quota of disabled employees, this guidance is regularly flouted, according to Radar, the umbrella organisation covering most of the country's associations of disabled people.

Disability Etiquette, Employers' Forum on Disability. 071-321 6591.

BUSINESS AND THE ENVIRONMENT

Road littered with hurdles

In the third of an occasional series on opportunities for western companies in eastern Europe, **Ariane Genillard** assesses the prospects in Czechoslovakia

The person in charge of seating arrangements at last month's Environment for Europe conference in Dobris, near Prague, must have planned carefully. With the theme of the conference focused on transnational co-operation, it could be no coincidence that the environment ministers from Lithuania and the Soviet Union sat shoulder to shoulder around the large conference table.

The meeting, which gathered 30 environment ministers for the first time in eastern Europe, stressed the need to move beyond regional politics when addressing environmental issues. It warned that without pan-European co-operation, the environmental problems in eastern Europe would remain dangerously unresolved for years to come.

Western businesses which sell environmental technology have already made an entrance into the Czechoslovak market. Most active *among them are companies from* Switzerland, Germany and Austria. Switzerland, which has given SFr15m (£6m) to Czechoslovakia for environmental improvements, will link subsequent credits to contracts with national companies. Swiss firms offer expertise, especially in forest protection and toxic waste disposal.

In this early stage, most efforts are focused on evaluating the needs for future environmentally-related investments, however. Belgatom, of Belgium has recently signed a contract worth approximately BFr35m (£580,000) to assess ways of improving the safety system and the waste disposal problem at the Czech nuclear plant of Temelin. Similar "expertise contracts" are being negotiated with UK companies.

But environment ministers at Dobris expressed concern that eastern Europe's rush to change economic conditions and open the economy to western investors may actually occur at the expense of the environment. Pan-European monitoring of environmental problems, they say, would ensure that the environment is a part of the economic restructuring under way in eastern Europe.

'You must bake the cake first – that is, implement the reforms. Then you put the icing on – the environment – once it is baked'

At the core of any environmental clean-up lies the order of priorities which eastern European governments have set in order to transform their moribund economies into healthy free markets.

Specifically, the growing dispute lies between the countries' environment ministries, who want to see the environment an inherent component of the reformed package, and the finance ministries who believe the environment will be improved as the reforms take place.

"Our finance minister is well-known for his cake theory," explains Jozef Vavrousek, federal minister for the environment in Czechoslovakia. "You must bake the cake first – that is, implement the reforms. Then you put the icing on, the environment, once it is baked." According to Vavrousek, this simply means that preventive measures will not be taken until it is too late.

"I think that our finance minister is wrong, not just ethically but from a practical point of view as well. The experience of the United States or Japan shows clearly that corrective measures are incredibly more expensive and difficult to implement than preventive ones, which from the start would have monitored an environmentally beneficial industrial policy," adds Vavrousek.

Policy makers in eastern Europe, often influenced by the finance minister, tend to view environmental improvements as a *factor* of the market place. Foreign investors bringing updated technology will naturally improve the environmen*tal status of their firms, they say.*

This view is reflected in the behaviour of some western companies investing in Czechoslovakia. Proctor and Gamble of the US, for example, which recently concluded the first outright purchase of a Czech company, has earmarked a significant part of its investment to improve health and hygiene conditions.

Roughly US$5m-6m (£3m-4m) of the US$20m initial investment will go towards improving the working conditions inside the detergent plant. "About a third of our investment will do nothing to increase output or upgrade production. It will make a safer place," explains William Harter, director for Czechoslovakia of Proctor and Gamble.

"When thinking about the environment foreign investors are in general more concerned about the past than the immediate future. They want guarantees that they will not have to pay for the environmental damage done by a firm under the former regime," *adds* Geoff Upton of Price Waterhouse.

Environmentalists argue that a complete reliance on the market place is not enough. Consumers, *concerned with their falling wages* and growing unemployment, may not be apt indicators for industrial policy in the initial stages of eastern Europe's economic restructuring, they say. "One important task of the environment lobbyists in will be to educate the public about environmental issues, especially about the standards found in neighbouring western countries," explains Stuart Auchincloss, an adviser at the Federal Committee for the Environment in Prague.

In the meantime, environmentalists argue that *strong* environmental legislation should be established at the beginning of economic restructuring. But in Czechoslovakia passing any legislation is highly politicised and problematic. Environment ministries in both the Czech and Slovak republics are responsible for environmental management in their own territories. *Slovakia, which often criticises the* "pragocentrism" of federal bodies in Prague, has taken time approving legislation *drafted* by the Federal Committee for the Environment. So far, only a law on waste disposal has been passed.

The legislative deadlock will partly resolve itself as European co-ordination on environmental issues grows. As the participants of the Dobris conference highlighted, the quicker eastern Europe adopts western Europe's environmental standards the sooner will practical improvements be realisable.

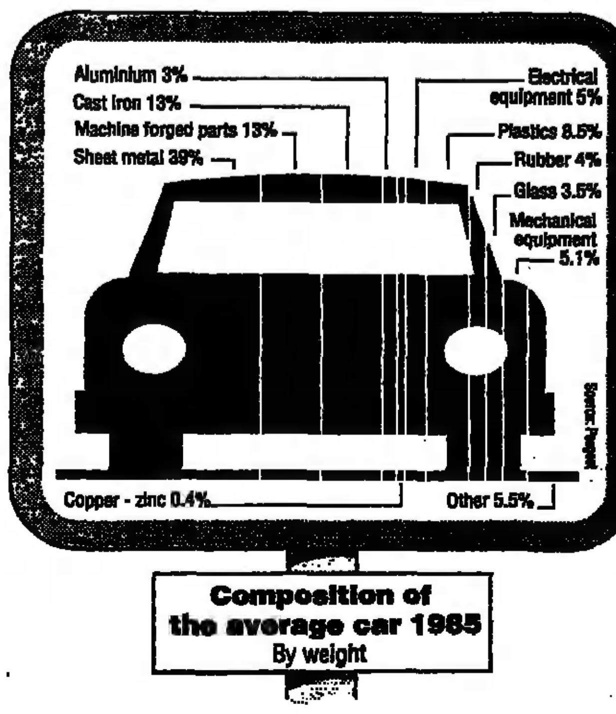
Several projects are under way to study the feasibility of European standards for specific environmental problems in Czechoslovakia. The EC's assistance programme for the region, known as Phare, has earmarked Ecu 25m (£17m) for the environment. Other projects are near completion. They range from a cost *evaluation of installing* water disposal units in the industrial city of Ostrava to improving the water quality of the Elbe river.

The ministers meeting at Dobris hope that *projects* will also *extend* to include areas which cross borders, such as the so-called Black Triangle. This region, which stretches over the territory of northern Czechoslovakia, southern Poland and eastern Germany, suffers from dangerous levels of sulphur dioxide emissions.

But whether co-ordination occurs at local levels *or* across borders, the differences between the environment and the finance ministries will again remain crucial. Just *as* both prioritise policies differently, their budgeting differs as well.

Previous articles in the series appeared on February 7 and May 8.

Despite its beauty, Prague is one of Europe's most polluted cities



Composition of the average car 1985
By weight

Beckoned by the afterlife

William Dawkins on how French car makers are taking recycling on board

French *car makers are rapidly* following the example of environmentally conscious Germany in tackling the problem of how to recycle their products.

Peugeot, also the producer of Citroën and Talbot cars, has just opened what it claims to be France's first industrial recycling plant. The FFr50m (£5m) project is on the site of Europe's largest crusher, owned by Compagnie Française des Ferrailles, a federation of metal crushing and treatment groups, which is also on the point of signing an agreement with Renault for the recycling of car hulks for steel plants.

Renault, Peugeot's state-owned rival, launched earlier this month a trial in its German network and in the Tours region of France, under which it collects recyclable parts from its dealers, such as catalytic convertors, batteries and plastic bumpers. It has also been running experimental car recycling units over the past year at its plants near Lille in northern France and Flins near Paris.

Both companies' plans are partly driven by the realisation that a good environmental record has become important to their image in the eyes of both customers and governments. But this is also part of the general move to try to head off possible European Community legislation, encouraged by Germany, to make car makers responsible for recycling every vehicle they sell in the EC.

Peugeot's recycling plant at Saint *Pierre de Chandieu, near Lyon*, is tiny, capable of recycling just 7,200 cars over the next two years, a minute fraction of the 2m cars scrapped in France annually.

But what makes it significant is that it will aim to achieve as near as possible 100 per cent per cent recycling and provide information on how Peugeot can design future models to make full recycling commercially possible at this and other plants.

Renault is working along the same lines, treating 10 cars per day at *Flins*, as against 16 per day at the Peugeot plant. Renault says its recycling operations are at a "semi-industrial" phase.

Peugeot's main output of Saint Pierre de Chandieu will be scrap metal, re-usable components, fluids, plus various plastic, rubber and glass granulates, some of which will be bought by Vicat, a Paris-based cement producer, to fuel its furnaces.

Currently, France manages to recycle on average between 72 per cent and 75 per cent of its scrap cars – in line with EC average – all in the form of scrap steel processed in elec*tric arc furnaces. Usinor Sacilor*, the leading French steelmaker, is working closely with French car makers on car design, to reduce the use of other metals like copper in car bodies and components. Impurities drive up the amount of energy needed to produce high-quality steel from scrap, says Germain Sainz, *director of R&D* for Sollac, the division of the steel group responsible for producing flat *steel for the car industry.*

Peugeot's recycling process takes roughly one hour per vehicle and begins outside the plant, where the battery is removed and the petrol tank drained, to avoid the risk of explosion. At the next stage, water, oil – and hydraulic suspension fluid for Citroëns – are drained into storage tanks for resale as fuel or to the petrochemical industry.

Then comes the removal of seat covers and foam, which are chopped up and packaged for a range of possible uses including building insulation and reprocessing for use in new cars. Tyres come next, *for* remoulding *or* for transformation into granulates suitable for inclusion in some road surfacing materials, says Peugeot.

Next comes the removal of useful components, like radiators, engines and gear boxes. These are sent for *refurbishment to a Peugeot subsidiary* or to a component manufacturer, for resale in the car repairs market. Finally, the main plastic parts – like the bumpers and dashboard – and windows are removed *for sorting* and crushing. These can either be recycled by chemicals companies or used in the construction industry. By now the car is an empty steel shell, to be crushed into small pieces and packed off to an electric arc furnace.

Peugeot is *separately studying* the use of more easily recyclable materials in cars through two joint research projects. Carmat, launched by Peugeot in 1987, *includes partners* from the chemical, glass and steel industries and is making significant progress in methods of reducing metal corrosion, says the French car maker. The other project, launched last year with Fiat, and the chemicals groups ICI and Enimont, and due to run to 1995, is studying more easily recyclable plastics and the creation of a data bank on recyclable industrial waste.

This is only the start of a long road. Both companies are designing a greater amount of recyclability into their new models, but Peugeot reckons that this new generation will not begin to reach the crusher until at least 2010.

Peter Schreier

WIGMORE HALL

In the world of song there is nothing more precious than a partnership between a singer and an accompanist that really works. *It has long* been clear that Peter Schreier and András Schiff are separately chamber musicians of enormous inspiration and when, a couple of years ago, they formed a partnership, expectations ran high.

It was Schubert that brought them together then and Schubert, again, that they performed for the British Library's Stefan Zweig series at the Wigmore Hall on Monday. What they gave us was in the best sense a joint recital, no solo event with mere background support at the piano. For Schiff is the *complete accompanist, who* not only plays his music with a soloist's distinction, but also takes an equal part in creating *for each song a musical world* of its own.

At first, indeed, it was Schiff who caught the imagination in the *songs of Schwanengesang*, which made up the first half. The favourite "Ständchen" is a lover's serenade and one might reasonably expect the singer to dominate. But it was the pianist's right hand that was doing the singing here rather than Schreier's tenor, which does not have all that much music in it these [illegible].

Heard live, the voice can sound on the hard side to the uninitiated. Schreier deploys it rather like an artist using a pencil, drawing perfectly even and tightly-controlled vocal lines and using its sharp edge to underline movements in the harmony or words that need a special emphasis. It is not, however, a sound that is easily compatible with [illegible] that have a warm disposition, like the opening of "Ganymed", where the sun never really shone.

If that seems ungrateful, it is not meant to detract in any [illegible] from an evening that was always intelligently [illegible] and, at best, gripping. Schreier has a deep knowledge of his chosen Schubert songs [illegible] gifted with the still rarer [illegible] to convey to an audience what he has learnt about them. The [illegible] of "Der Doppelgänger", for example, was [illegible] exhausting, as the [illegible] oscillated between [illegible] pain and a ghostly [illegible] of sound.

Put this kind of concentration alongside Schiff's remarkable accompaniments and you unquestionably have a duo worthy of bringing to a conclusion the Wigmore Hall's 90th birthday celebration programme. The hall will be closed now until October 1992, when the major refurbishment which is planned, including better facilities for the performers and a new bar and restaurant in the basement for patrons, will be complete.

The year cannot pass quickly enough.

Richard Fairman

Second [illegible] for Estève-Coll

Elisabeth Estève-Coll has been re-appointed by the Trustees as director of the Victoria and Albert Museum for a second term of five years to December 31, 1997.

TELEVISION

A re-run of real life in Russia

As President Mikhail Gorbachev and his comrades stagger from one crisis to the next, and the Soviet economy starts to spiral into free fall, few would question [illegible] the country has been undergoing another revolution. It [illegible] have taken a bit longer than the October Revolution of 1917. Indeed it isn't over yet. But in terms of the ending of an old order, it promises to be just as sweeping. All the old concepts of Soviet life have been called into question. All the tenets of years of Western Sovietology are in doubt.

So how do you report on a revolution? How do you bring an element of order to the chaos, to give the outside world some way of understanding it – but without detracting from [illegible] which is [illegible] most [illegible] part? Those are the *sort of questions* [illegible] a foreign correspondent daily out in the field, locked in a sort of limbo, often with no chance to *see how the words add up from* one day to the next.

Coming in from the [illegible] after three years in Moscow, as I have just done, it is a wonderful luxury to be able to sit back for a moment and admire (or denigrate) the way others seek to do the same. It is also a moment of truth. For it brings home to a hardened expatriate just how parochial most of his erstwhile audience really is. Those dramatic upheavals on the streets of Yerevan or Vilnius, the confrontations in the [illegible] cles of another awful disaster [illegible] in the sticks of the Soviet [illegible] must all take their place alongside the latest marginal move in the [illegible] rate – and usually below it.

[illegible] all, [illegible] of undiluted Soviet television, I have been *looking forward to* the glorious self-indulgence of a few weeks of British TV viewing, to idle evenings of *everything from comedy to* current affairs, from [illegible] don to Westminster.

It is not that Soviet TV is dull. Far from it. It has been at the forefront of the battle for glasnost, compulsory and compulsive viewing, exploding propaganda myths, and still propagating them, asking [illegible] impossible questions, [illegible] ing to stifle them. It has not yet learned to be slick, nor to avoid the pitfall of endless talking heads. The Russian [illegible] of [illegible] is [illegible] nal reality.

But it has also been [illegible] sive, introverted, and exhausting. The Gulf War [illegible] *to figure until* [illegible] down the news [illegible] Midnight [illegible] of the *Moscow city council,* [illegible] pouring, fingers wagging, accusations flying.

So how does British TV compare? I must admit to a sense of disappointment. The comedy is thin. The drama is superficial. The current affairs are slick but seldom profound. The [illegible] is all-pervasive. I [illegible] late back to Britain *for The Darling Buds of May*. The weather is determined to ruin my sport. But even *GBH* really doesn't live up to its billing: the Hard Left politician is a complete [illegible] (perhaps Degsy is too), and his hypochondriac [illegible] opponent is little better. Surely the audience deserves something a [illegible] sophisticated? I have been forced to fall back on the repeat of Alec Guinness' marvellous George Smiley in *Tinker, Tailor, Soldier, Spy*. There are some rewards for having missed it first time round.

All of which said, there are *some things* which *British television still does best.* My busman's holiday has been a chance to see *The Second Russian Revolution*, the ambitious attempt by the BBC (via Brian Lapping Associates) to bring some coherence into exactly the same story I have been trying to cover out in Moscow.

The danger of television attempting to cover complex international affairs in [illegible] sound bites is that it is always prone to drastic over-simplification. [illegible] I [illegible] met television crews who [illegible] with a nice neat theory, and proceed to [illegible] it by ruthlessly editing out [illegible] *and picture* [illegible] *might* [illegible] something [illegible] the great [illegible] of programmes like [illegible] *World*.

[illegible] problem is the dictatorship of the image, so much more powerful than the spoken word. I am convinced [illegible] international panic created last year about looming starvation in the Soviet Union – which was always a myth, although it may not be [illegible] – [illegible] consequence of TV shots of empty food shelves. No amount of words stressing that the food was slipping out of the back door, or under the counter, could contradict the apparently incontrovertible truth of empty shops.

Finally, there is the dictatorship of the acceptable [illegible] helpful, English-speaking [illegible] can sum it all up in three sentences. In the Soviet Union, that means [illegible] *majority of commentators are* those who either learned English because they were acceptable to the old regime, or *because they were violently* opposed to it. It tends to rule out everyone in the middle, because they only speak Russian.

The Second Russian Revolution [illegible] managed to [illegible] most of [illegible] pitfalls. It is a genuinely serious effort to present the turmoil since Mikhail Gorbachev [illegible] in all its crazy confusion – and from the mouths of the very people who have [illegible] stumbling through it.

It has been gripping to watch a whole string of old members of the Politburo, people who once [illegible] removed from the media that [illegible] their *health* [illegible] *the subject of end*[illegible] speculation, vent their spleen on the screen, and relive the early [illegible] of perestroika. Of course they have not all been telling the truth. They have been seeking to put their own part in history into the best possible light. But between them all, some [illegible] blance of truth must emerge.

The producers decided from the start that they [illegible] hope to compete with the chaos of current events: this is instant history, not current affairs. Yet just when the Soviet Union, and Gorbachev's perestroika, have seemed in terminal decline, it is marvellous to go back [illegible] the excitement, the exhilaration, and the trepidation, with which it all began.

My hero so far, in this re-run of real life, is not Gorbachev or Yeltsin, nor [illegible] Yakovlev, the wise old [illegible] of glasnost who steadily pushed [illegible] of [illegible] Yegor Ligachev, the man who was Gorbachev's closest ally in the first days of the [illegible], scourge of the *corrupt old* Communist establishment, and yet who has now come to represent the unrepentant old [illegible]. He comes across as uncompromising, bloody-minded [illegible] basically true to himself. [illegible] the perestroika which simply meant making Communism work as it was supposed to work. And he still believes it is possible, against all the evidence.

Yeltsin still comes over as a confusing, equivocal figure. The film of him appealing to the 19th Communist Party conference, almost in [illegible] "rehabilitation" in the party, [illegible] than a thousand [illegible] could do about his love-[illegible] relationship with the party.

The episode on Chernobyl provided a terrifying reminder of that catastrophe, although *truly terrifying because of the* attempts of the authorities to [illegible] up. What the programme failed to bring out, but Angus Roxburgh's book of the [illegible] clearer, is that Gorbachev and his colleagues hesitated so much because they were appallingly ignorant about the real consequences of the nuclear disaster, as out of any malign desire to hide their incompetence.

I have been watching the whole series, because I lived through it. I know what it [illegible] taken in perseverance and [illegible] to get some of [illegible] to talk to the camera. What I find depressing is that all too few of my friends and colleagues [illegible] *to see it.*

It doesn't help that it goes out at 9.30 pm on a Friday night, when minds are bent *more on* [illegible] education. I for one have never been home to watch it on the night. It also doesn't help that it is a lot of talking heads, and talking Russian [illegible]. Squinting at sub-titles is tough for all but the most dedicated viewer, and often they miss the subtlety of the original.

It is an historic series, and an honest se[illegible] too. Thank [illegible] that. But I [illegible] it will never be truly popular television. That will be left to the world of the easy sound bite.

Quentin Peel

True to himself: Gorbachev's [illegible] ally in the first days of perestroika, Yegor Ligachev, speaks his mind for the BBC's 'The Second Russian Revolution'

The Sisterhood

MINERVA STUDIO, CHICHESTER

A [illegible] place is the [illegible]. No, the home. Well, therein lies a debate. And therein lies a play. *The Sisterhood*, in this more or less perfect production, is Molière's witty 1672 masterpiece, *Les Femmes Savantes*, as translated and adapted by Ranjit Bolt.

Updated, too. Molière's energetic women academics – Philaminte and her elder daughter Armande and sister-in-law Bélise – are already gobsmackingly modern. They're opinionated, industrious, literate viragos, convinced of man's injustice to woman, and intolerant of counter-argument. Sounds familiar? To update that is hardly a liberty. Still, who could have predicted, even from the [illegible] virtuoso Bolt, that Molière's master-targetry would become the premise for such a dem[illegible] display of 1991 precision-bombing?

These women know Foucault as well as Plato. They compare Barthes, Lacan and Derrida. They know about hermeneutics, deconstruction *and semiotics. When their pet pseud* Trissotin reads them his latest piece of verse – one line is "It's squatting in [illegible] body's penthouse *suite*" – Ph[illegible]*te at once acclaims it for its* political subtext: "the [illegible] on a [illegible] body!"

Everywhere [illegible] scintillating *rhymes, wit* and urbanity keep his audience chortling and gleeful. There is, surely, no more quotable translator today. When [illegible] been insisting that the young gallant Clitandre has the hots not for her junior niece Henriette but for herself, Clitandre comments, "Her life's one vast Priapic fantasy./ I wonder if she's been taking LSD?/ She's half de Beauvoir, half Erica de Jong . . ." And the nubile Henriette tells her cerebral sister Armande, "I think you let your passion for aesthetics/ Blind you [illegible] the importance [illegible] genetics."

Astonishing, mind you, how much *The Sisterhood* has retained from *Les Femmes savantes*, and how much of Molière's humour Bolt has managed to [illegible]. Witness the wordplay, the malapropisms, the [illegible] misunderstandings in the scene when Philaminte sacks the servant Martine for her [illegible] in learning. The loud but [illegible] Martine insists "I'm definitely not going to decompose!" "Decon-*struct*," [illegible] her, painedly.

Tony Britton's direction, [illegible] Higlett's designs and almost all the performances are marvellously stylish, and utterly attuned to the spirit of Bolt's text. The only flaws seem to emanate from Bolt, too. There's not enough sense that the sexes are at war. Bolt cuts several minor corners of plot, occasionally at [illegible] cost to characterisation and/or [illegible]. And Henriette is scripted and played (by [illegible]) as a bit too much of a sexy bimbo.

I love the fact that the production doesn't turn its three clever women into [illegible] bluestockings. They're very French, and each is dressed elegantly but entirely in character. Isla Blair, best of all, is Bélise, [illegible] high comedy from her imperturbable confidence in her own sexual [illegible]. Everything about her – voice, poise, timing, [illegible] the cleavage – shows the same unflappable, mature, clever [illegible] an Athena who's con[illegible]s Venus. Melanie Jessop's pale, clever, trouser-suited Armande has a wonderful streak of bitter frustration.

To the plum role of [illegible] Judy Parfitt brings an [illegible] civilised kind of force, with [illegible] of [illegible] tension and [illegible] temper [illegible] out. As the [illegible] pseuds Trissotin and Vadius (the Bunthorne and Grosvenor of this, Molière's *Patience*), John Quentin and Jonathan Elsom are gloriously languid, affected, velvet ninnies. At all points this staging, [illegible] the current production of *The Miser* at the Olivier, has a witty sense of character and caricature.

The play lasts less than 90 minutes without an interval, and gives [illegible] lasting [illegible] than [illegible] shows than last twice as long. It abounds in good lines; and its performances gleam with a relish for rhythm, wit and [illegible] itself.

Alastair Macaulay

Alastair Muir

Ilsa Blair

Mille francs de récompense

TEATRO DELLA CORTE, GENOA

Genoa [illegible] a passion for the theatre. [illegible] only [illegible] it boast one of Italy's longest-running, [illegible] efficient, [illegible] enterprising municipal repertory companies, it [illegible] has a rich Museo dell'Attore, a collection and archive indispensable to any historian of the theatre; and though the city's population is not large, it can provide an alert, loyal and numerous audience. And recently the Genoese public turned out in force to inaugurate a new house, the Teatro della Corte, which will be the number one theatre of the Teatro di Genova company. The two theatres previously in use will continue to operate: one welcoming visiting productions and the other supplying a headquarters for an experimental group.

Conceived by the architect Piero Gambacciani, the Teatro della Corte has just [illegible] one thousand [illegible] stalls and gallery. The stage has been designed for versatility and speed. Acoustics seem excellent; and from the [illegible] seats, visibility is complete (at least from the stalls; there have been some complaints about gallery sightlines). The theatre block is a part of a much larger, brand-new development in [illegible] Genoa, which also co[illegible]ses an ultra-modern hotel and a [illegible].

As 1992 approaches – the year of mammoth Columbian [illegible] – Genoa is an exciting place to be. Long depressed by the inevitable *decline of its port, the city is finding* new purpose; and the anniversary of America's discovery will obviously have results lasting long after the [illegible] and the *speeches* have died into silence.

Meanwhile, a first occasion for rejoicing. The Teatro della Corte has not only opened, but has opened well with an important and enjoyable cultural event, the Italian premiere of Victor Hugo's prose play *Mille francs de récompense*, specially translated for the occasion by the distinguished critic [illegible] Garboli and staged by [illegible] one-time [illegible] disciple, the Swiss producer Benno Bresson, [illegible] in which older actors were supported by young graduates of the Teatro di Genova's theatre school.

One of Hugo's two "modern plays" (the other is a little one-act comedy), *[illegible] francs de récompense* was written in 1866, when the exiled author, at the height of his fame, had completed his novel *Les Travailleurs de la* [illegible]. It is a curious and [illegible] ing piece, hard to categorise. Those who know Hugo's theatre chiefly from opera, or who may even have [illegible] some of the [illegible] dramas, *Hernani* or *Angelo tyran de Padoue*, will be surprised at this bourgeois drama (set in the 1820's, though the Stabile moved the date to the 1830's for some reason), a tale of separated lovers, a noble thief, embezzlement, foreclosure, eviction. The complexity and the tidy interlocking of events and surprises is Dickensian, but any temptation to sentimentality is [illegible] by Hugo's indomitable irony and his fondness for paradox. It is a play about wealth and poverty, law and justice; and, chiefly, it is a play about money.

Garboli's translation and Bresson's direction trimmed [illegible] Hugo's [illegible] wit; the realism [illegible] underlined, and when the comedy could not be overlooked it was vitiated by grotesquerie. Still, the public was afforded a good [illegible] of the *play's merits, and several of the act*ors gave admirable performances. The real antagonists are Glapieu, the ironic, resourceful robber-ex-machina, *and Rousseline, the Uriah Heep* villian, [illegible] young [illegible] ine's financial prospects (of which she is ignorant) even more than her physical charms. In the former role, Ugo Maria Morosi – after delivering his long, opening monologue at a tongue-twisting and ear-breaking pace – settled down into an appealing, acceptable comic turn.

Vittorio Franceschi was a splendid Rousseline, shrewd and slimy, [illegible] ble of the [illegible] blood-chilling self-pity and equally horrifyingly perverse logic. Eros Pagni, who has been with the Genoa company for a quarter-century, looked fine as the soldier turned philanthropist, the "sad millionaire" as he is defined. But he suffered from misdirection. His long autobiographical monologue, essential to any understanding of the plot and of his motivations was said in a dull uncadenced monotone, as if he knew the story so well that it bored him to have to recount it.

The [illegible] actor [illegible] De Ceresa, as the young heroine's *ancient grandfather*, had *only one* scene, whose climax is reached when he sings the *Marseillaise* in a high cracked voice, to everyone's alarm, as there are Bourbon officials in the next room. The performance was equally funny and desperately moving, a high point of the evening. The young lovers were [illegible] and had just the right touch of silliness, and the other parts were [illegible] with security and gusto.

[illegible] bits of eerie [illegible] the mood, without no attempt at historical evocation. [illegible] Steblé designed splendid [illegible] (which the stage machinery could move tactfully, avoiding long intervals) and suitable costumes, which – like the play itself – ranged from period sobriety to colourful fancy.

Hugo's plays are so infrequently seen that any production, even the most approximate, is always welcome. This staging, however, was on a high level: though not without flaws, it was also full of virtues, an entirely proper choice to inaugurate a handsome new house and, it is fair to hope, a new and even more thrilling period in the history of the Teatro di Genoa.

William Weaver

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Frank Peter Zimmermann, *accompanied by* Alexander Lonquich, plays violin sonatas by Poulenc, Beethoven, Françaix, Auric and Milhaud. Tomorrow: *Hans Vonk conducts* music by Mendelssohn, Tchaikovsky and Stravinsky (6718 345)
Muziektheater 20.15 Dutch National Ballet triple bill: William Forsythe's Artifact II, a new [illegible] by Toer van Schayk and Nijinska's [illegible] Noces. Fri: farewell programme for Rudi van Dantzig. [illegible] Nina Simone (6255 455)

BERLIN

Deutsche Oper 19.30 Christoph Prick conducts *Johannes Schaaf's* production of Der Freischütz, with Toni Krämer as Max, Hartmut Welker as Caspar and Eva Johansson [illegible] Agathe, [illegible]. Tomorrow: Le nozze di Figaro (3410 249)
Schauspielhaus 20.00 [illegible]rg-Peter Weigle conducts Berlin Staatskapelle in world premiere of Joachim Gruner's Trombone Concerto, with soloist Jurgen Heinel. [illegible] on the programme are Richard [illegible] Till Eulenspiegel and Dvorak's Seventh Symphony, repeated tomorrow. Fri: John Eliot Gardiner conducts English Baroque Soloists. Sat: *recital by Peter Schreier* (2272 261)

BONN

Oper 20.00 Youri [illegible] production [illegible] Lake. Tomorrow, Sat and [illegible] Mon: [illegible] Bartered Bride (773667)

COLOGNE

Philharmonie 20.00 [illegible] Lee Hooker and the [illegible] Blues Band. Tomorrow: Bonnie [illegible] (2801)
Opernhaus 20.00 Broadway *production* [illegible] Story, [illegible] till Sat. Sun: Marilyn Schmiege sings [illegible] in revival of [illegible] Kupfer's production of Lady *Macbeth* [illegible] Mtsensk, [illegible] by James Conlon [illegible] 8400)
Schauspielhaus [illegible] Tanz-Forum Week of Modern Dance. Tonight: [illegible] by Jochen Ulrich, Richard Wherlock and [illegible] Alegado (221 8400)

GENEVA

Jetée des Pâquis [illegible] Thierry [illegible] Collegium Academicum in [illegible] by Leonard Bernstein [illegible] premiere [illegible] François [illegible] Triptyque for [illegible] *Entry* [illegible] *free.* [illegible] a series of [illegible] organised by the [illegible] pour la musique improvisée

GLASGOW

Royal [illegible] **Hall** [illegible] Laine [illegible] in [illegible], as part of the Glasgow [illegible] Jazz [illegible]. Tomorrow: B.B. King. [illegible] (041 227 5511)

LONDON

DANCE
[illegible] *English National* [illegible] in [illegible] Onegin. Tomorrow, Fri and Sat: [illegible] by Christopher Bruce, Ben [illegible] and Harald Lander (071 836 [illegible])
MUSIC
Covent Garden [illegible] Mark Ermler [illegible] Elijah Moshinsky's *production of* [illegible]*, designed by* [illegible] Yeargan with choreography by Eleanor Fazan. Ruggero Raimondi [illegible] *role,* [illegible] *Josephine* [illegible] Odabella, [illegible] as Ezio [illegible] O'Neill [illegible]. [illegible] performances [illegible] *on July* [illegible] *Fri* [illegible] *next* [illegible] Hartmut Haenchen conducts Harry Kupfer's production of [illegible] ed Euridice, [illegible] Kowalski as Orfeo. Sat and Mon: Tosca with Maria Ewing, Placido Domingo and Justino Diaz (240 1066)
South Bank Centre 10.00-21.00 National Festival of Music for Youth. The three halls on the South Bank are [illegible] week hosting [illegible] largest youth [illegible] in Europe, with [illegible] young musicians [illegible] to [illegible] years performing in [illegible] *youth orchestras,* [illegible] bands, jazz [illegible], electronic, [illegible] and early music ensembles, [illegible], choirs [illegible] chamber [illegible] *Today:* [illegible] competition. [illegible] wind [illegible] jazz festival. Fri: [illegible] bands, and string [illegible]. Sat: Simon Rattle *conducts largest youth orchestra* ever assembled (928 8800)
Guildhall School Theatre 14.30 and 19.00 Out of This World, first *fully staged production in Britain* of Cole Porter's 1950 musical, directed by Martin Connor, conducted by John Owen Edwards, with designs by Geoffrey Scott and choreography by Gerry Tebbutt. Runs till next Wed (638 8891)
Almeida Theatre 20.00 Mecklenburgh Opera presents The Soldier's Tale, preceded by music, drama and poetry exploring some of the ideas expressed in Stravinsky's work. Runs till Sat (071 359 4404)
THEATRE
National Theatre: Eugene O'Neill's *Pulitzer Prize-winning play Long* Day's Journey Into Night (1941), often seen as an [illegible] of the author's own extraordinary *family* [illegible] *is showing tonight in* Howard Davies' production at the Lyttleton, followed for the rest of the week by Ian McKellen's internationally acclaimed performance in Richard III. The Cottesloe is showing Christopher Hampton's new play White Chameleon, based on the author's childhood experiences in [illegible] Egypt. For information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 [illegible] 0836 [illegible] Comedies 0836 430961 Thrillers 0836 430962

NEW YORK

Metropolitan Opera *20.00 Bolshoy* Opera production of Tchaikovsky's Maid of Orleans, also Fri and Sat matinee. The Bolshoy season ends on Sat evening with Eugene Onegin (362 6000)

PARIS

Palais Garnier 19.30 [illegible] *a 10-day* [illegible] MacMillan's production of Romeo and Juliet, [illegible]. This production [illegible] performances on [illegible] and Sun (4017 3535)
Opéra Bastille [illegible] Armin Jordan [illegible] Wilson's production [illegible] Zauberflöte, with a [illegible] led by Christian [illegible], Cynthia Haymon, [illegible] Winbergh, [illegible] and [illegible], [illegible] Fri and [illegible] Tues. Götz Friedrich's production of Katya Kabanova is [illegible] *performances starting on* [illegible] (4001 1616)
Opéra Comique [illegible] Final performance [illegible] Guy Coutance's *production* [illegible] operettas, [illegible] en loterie and [illegible] rose [illegible] Saint Flour (4286 [illegible])

RAVENNA

Basilica di S. Vitale 21.15 [illegible] Bernard, trumpet, and Francois Houbart, organ, give a [illegible] music [illegible] Handel, Telemann and others. Tomorrow: Quartetto [illegible] plays string quartets by Franck, Cherubini [illegible] Ravel. Fri: organ [illegible] by Daniel Chorzempa. [illegible] Poulenc's Babar and Debussy's La [illegible] à joujoux. The [illegible] till July [illegible] (0544) [illegible] *for* [illegible]

ROME

Caracalla 19.15 *Opening* [illegible] of [illegible] summer music *festival, with* [illegible] *of the* [illegible] dell'Opera, followed at 21.00 by a performance of Aida. The festival runs till Aug 21, the programme *varying between Aida, Nabucco* and [illegible] ballet Zorba the [illegible]. Each [illegible] performance is preceded by a concert. [illegible] *performance on* [illegible] (488 [illegible])

VERONA

Arena 21.15 The 1991 season [illegible] Arena di [illegible] opens [illegible] Sylvano [illegible] production of Rigoletto conducted by Rico Saccani, [illegible] Nucci in the [illegible] role, Mariella [illegible] as Gilda and Marcello Giordani as the Duke. The [illegible] runs till [illegible] 1. [illegible] performances: Nabucco on Sat with [illegible] Dimitrova and Piero Cappuccilli, Rigoletto on Sun (045 590109)

ZURICH

Opernhaus *19.30* [illegible] by Pierre Wyss and [illegible] Scholz. Tomorrow and [illegible] Götterdämmerung with Gwyneth [illegible] as Brünnhilde. These [illegible] the final performances [illegible] the season (251 0909)
Tonhalle 20.15 Vladimir Fedosseyev [illegible] Tonhalle [illegible] in music by Rossini and Tchaikovsky, plus Haydn's Cello [illegible] in D with Esther Nyffenegger (201 1580)
[illegible] 20.00 Two new ballets by [illegible] Bejart and *Heinz Spoerli to celebrate* Switzerland's 700th anniversary, with [illegible] of the Béjart Ballet Lausanne and the Basle Ballet. [illegible] *tomorrow* (311 [illegible])

European Cable and Satellite Business TV

[illegible] CET)

MONDAY [illegible] **FRIDAY**
[illegible]
0600-0630 [illegible] report
[illegible]
0500-0530 [illegible]
0600-0630 Moneyline
1230-1300 [illegible] Market Watch
1330-1400 Business Day
2000-2030 World Business Today - a joint FT/CNN production with a review of the day's major business stories
2300-2330 World Business Today
0100-0130 Moneyline
Superchannel
0700-0830 Financial Times Business Report
A [illegible] briefing [illegible] 0700 and 0800
2220 - 2250 (Wed) Financial Times [illegible] Weekly - the [illegible] round-up of business news with [illegible] Bellini [illegible] Debbie Middle[illegible]
0830 [illegible] (Thurs) [illegible] Times [illegible] Weekly
Sky News
[illegible] International [illegible] Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY
CNN
0600-0630 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1800-1830 [illegible] The Week
[illegible]

SUNDAY
[illegible]
1800-1830 FT [illegible] Weekly
[illegible] FT [illegible] Weekly
2330-0030 FT [illegible] Weekly
[illegible]
[illegible] FT Business Weekly
CNN
0710-0740 [illegible]
1540-1610 [illegible]
1900-1940 Moneyweek
0040-0110 [illegible] Business

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Wednesday July [illegible] 1991

Europe and high-tech TV

AFTER a series of false starts, the European Commission claims to have got its ambitious strategy for high-definition television (HDTV) back on track by stitching together a compromise between the conflicting interests of enthusiastic electronics manufacturers and reluctant broadcasters. However, no amount of shuttle diplomacy by Brussels can make up for its continuing muddle over objectives.

HDTV is an exciting new entertainment medium offering *razor-sharp pictures and hi-fi* sound. But the main reason it is attracting so much attention among policy-makers – in the US and Japan as well as in Europe – is that it promises to stimulate big technological advances across a wide range of electronics products.

As well as funding extensive research, the European Community has sought to promote development of *HDTV* by getting satellite television channels to use a family of standards known as Mac. However, the only service to embrace the standards fully was British Satellite Broadcasting, which merged with its main rival, Sky Television, last year. The merged company, BSkyB, has since embraced Sky's preference for broadcasting in Pal, the long-established standard which Mac is intended to supplant.

Binding commitments

[illegible] indifference, [illegible] is seeking to intervene more directly in the market. From 1993, it wants all new *satellite* services to transmit exclusively in D2-Mac, a stepping stone to full HDTV, and all new televisions to be equipped to receive them. Manufacturers, satellite operators and broadcasters are being asked for binding commitments to provide specified quantities of sets, channels and programmes. In return, the Commission is offering Ecu100m a year to cover the cost of "simulcasting" in D2-Mac by Pal satellite services and of converting programmes to the new standard.

The most predictable out[illegible] of the proposals would be to favour BSkyB, which would be free to continue broadcasting in Pal while its future rivals could only reach televisions equipped to receive D2-Mac – currently [illegible] tiny [illegible]tion of the market. It is much less certain that the unproven HDTV market will be given a substantial boost – or who stands to benefit from it.

Biggest risk

Paradoxically, the biggest risk is not that D2-Mac will fail to catch on, but that it will succeed too well. If the sharper, wide-screen pictures it offers tempt large numbers of *consumers to buy new televi*sions, they may have only a limited appetite for genuine HDTV. Whether it will be worth the money when it comes is anybody's guess. The EC claims its proposed system is the most [illegible] in the world. However, any technical advantage may be short-lived. The technology is evolving rapidly, and imposing standards prematurely may simply guarantee a second-best outcome – as the US found when it settled too early on a national system for colour television.

But ensuring that European consumers get the best deal has never been the EC's top priority. [illegible]pation from the [illegible] been [illegible] Europe's principal consumer electronics manufacturers, *Philips* [illegible] Thomson, from Japanese competition. This [illegible] been the main purpose of the EC's standards drive. Philips and Thomson have persuaded Brussels that the best hope of nullifying Japan's early lead in HDTV was to compel its manufacturers to compete in Europe on *terms different from those at* home.

That is, at best, a dubious proposition. If and when a mass market for HDTV develops, standards are unlikely to offer European suppliers much protection. The real battle will be determined by rapid product innovation, efficient manufacturing and aggressive marketing. These are all areas in which the Japanese have demonstrated a formidable superiority in the past. Elaborate EC attempts to dictate to the market cannot substitute for a competitive European industry: they will simply repeat the error made by the European aerospace industry when it chose to develop Concorde in preference to a jumbo jet.

Monopoly on the exchange

FOR THE London Stock Exchange [illegible] contemplate a [illegible] from [illegible] principle [illegible] competitive market-making [illegible] revisionism of [illegible] the 19th century it has trumpeted the benefits for market *liquidity of jobbers* or marketmakers competing with each other in individual stocks. It used to justify its restrictive practices before Big Bang by reference to the same principle. Yet a proposal now under consideration to give sole traders monopoly dealing rights in up to 1,700 companies would amount to a radical shift away *from history* towards a system more akin to the operations [illegible] specialists on the floor [illegible] the [illegible] York [illegible] Exchange. Why, when the upheaval in the dealing system precipitated by [illegible] supposed [illegible] enhance market liquidity, does the exchange now [illegible] another upheaval? And what are [illegible] implications for competition policy?

In reality the [illegible] exchange's past rhetoric put an over-flattering gloss on the extent [illegible] competition [illegible] the top end [illegible] the market. Before Big Bang [illegible] smaller companies' shares did not enjoy the benefits of competitive jobbing simply [illegible] there was insufficient interest in the [illegible] to make jobbing *profitable*. So the problem has always existed. The striking point is how much [illegible] has become since the exchange [illegible] liberalised in 1986.

Reduced volumes

[illegible] market [illegible] in [illegible] spread [illegible] it [illegible] to buy and sell the least liquid stocks *in the market*, known as gamma stocks, was reckoned to be some 3 per cent of the price. The average spread at the end of 1990 was more than 10 per cent and some companies were *seeing a margin* of as much as 20 per cent. This is a powerful deterrent to investors and the volume of trading has understandably fallen sharply. The decline has become self-feeding.

Rationalising this deterioration is far from easy. In part, investor disillusionment reflects the poor recent performance of smaller companies, which generated more impres[illegible] in [illegible] economic cycles. There have been hints [illegible] big investment institutions, including Brit[illegible] the Prudential, that smaller companies no longer attract the degree of institutional interest that they once did. Marketmakers also feel more exposed in committing prices to the public screen-based system that came in with Big Bang and resent the amount of matching of buy and sell orders that is taking place within brokers' offices. And one of the incentives to market-making – the exemption from stamp duty on share transactions – will disappear when stamp duty is abolished next year.

Profit conscious

In a market where since Big Bang too much capital has been deployed in pursuit of too little business, marketmakers have become understandably profit-conscious. Against that background, the new proposal for sole traders to be given exclusive rights to deal in the shares of individual companies may well be a realistic acknowledgement that the economics of market-making in the lower echelons of the market are unfavourable, not least because the obligation to maintain continuous prices in less heavily traded shares can be onerous in volatile markets.

The protection afforded by monopoly [illegible] mig[illegible] paradoxically permit the spread [illegible]een buying and selling prices to narrow. *Whether that* happens in practice, if the system is introduced, will depend greatly on what regulatory sanctions are built into the system to prevent profiteering at the investor's [illegible]. An equally difficult question is whether [illegible] monopoly could be enforced in the absence of a trading floor.

The London Stock Exchange, if [illegible] decides to run with the proposal, should not have much difficulty persuading the Office of Fair Trading that the system has something to offer investors. But it will convince *no one unless it can plausibly* promise that investors will not be ripped off. The principle of competitive market making is a good one, even if not universally observed in the past. It should not be abandoned lightly.

The 'prawn cocktail' offensive launched by the shadow chancellor seems to be taking effect, write **Rachel Johnson** and **Ivo Dawnay**

Labour's love-in with the City

The City does not vote Labour. Like self-regulation, expensive lunches and big bonuses, that is one of the Square Mile's most time-honoured traditions.

But the City's political allegiance may be shifting. A number of City figures are neutral or supporting Labour in the pre-election dogfight – even though a victory for the party would raise the top rate of income tax to 59 per cent.

City support has been encouraged by the fact that Labour's lead in the polls has [illegible] upset [illegible] kets or depressed [illegible] pound. [illegible] Tories' [illegible] offensive against Labour's economic policies – which homed in on extra spending commitments – has done little to pierce that calm at home or abroad.

Part of Labour's new-found eligibility stems from disillusionment with the government. A fund manager at Legal & General says: "We doubt Labour could do worse than the Tories." The chairman of a UK investment house concurs: "The non-financial sectors of the economy have done so badly out of the Tories that Labour holds few fears."

Reflecting [illegible] disaffection with the Tories is the Smithfield Group – [illegible] forum for [illegible] City to [illegible] Labour, composed of about 120 mostly under-40s – which sprang up in 1988. "There were [illegible] lot more closet lefties in the City than you might imagine," says Mr Jon Norton, Smithfield chairman, who works in international debt syndication at ANZ McCaughan, the stockbroking arm of the Australia and New Zealand bank.

"We liked our post-Big Bang salaries but thought that the Tories had run the economy badly."

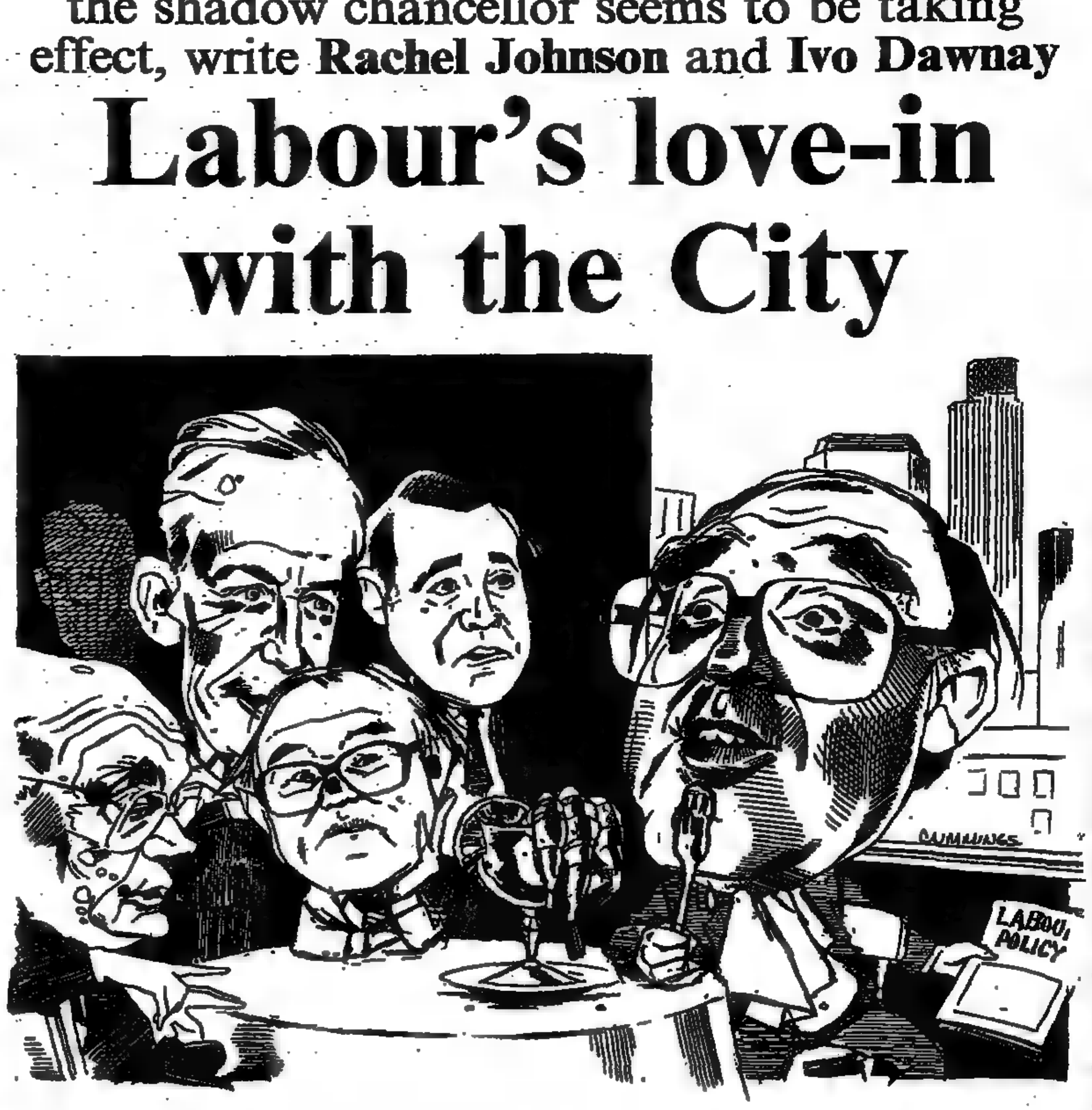
Such candid views are by no means expressed universally in the City. While most City leaders are prepared to declare their composure at the prospect of a Labour government, many are still reluctant to discuss politics publicly. Several senior City figures refused, when interviewed, to talk on the record either about current Tory policies or future Labour ones, but their private views were remarkably even-handed.

There are other reasons apart from disenchantment with the Tories to explain City equanimity towards the opposition. Lord Hollick, chief executive of MAI, the media and money-broking group, says Labour has won "general trust" as it has modified poli*cies and promoted new faces in its 13* years out of power. Labour's commitment to maintaining sterling's position in the European exchange rate mechanism, and the shadow chancellor, Mr John Smith, chanting his "no-devaluation" mantra, have done most to establish this [illegible].

"There's no question [illegible] John Smith has impressed with [illegible] clear-sightedness [illegible] resolution," [illegible] Lord H[illegible].

Mr Smith [illegible] been [illegible] woo the City since 1987, taking his "prawn cocktail" lunch offensive to numerous boardrooms. His opening of a two-way dialogue has given him confidence. "There will be no sterling crisis when we take power," he says. "But even if there were, all I would have to do is pick up the phone and talk to somebody on first-name terms." Mr Smith is presumably banking on his contacts abroad, including in the German Bundesbank.

This courtship of the City has not been confined to the banks and the markets. Most notably, it became *apparent in Labour's recent sympathy* for the plight of the Lloyd's Names. The Labour front bench showed concern about the huge losses faced by members of the insurance market who back underwriting with their personal wealth, and went out of its way to express support for Lloyd's as "a major international institution". Such comments, from Mr Paul Boateng, MP for Brent South, subsequently backfired when the party decided not to back any attempted bail-out of the Names in parliament.



Tasting time: John Smith with (from left) Sir Kenneth Berrill, Sir Martin Jacomb, Brian Pearse and Jonathan Agnew

The embarrassing incident showed that the party is still somewhat ambiguous about its leaders' love-in with the City.

Labour has also been working hard to win acceptance in the right places for its broader economic policies. Lord Hollick's approval of Labour's macro-economic programme is echoed by Mr Brian Pearce, the new no-nonsense chairman of Midland Bank.

"It is reassuring that Labour continues the UK's [illegible] to the ERM and accepts the realities that this commitment implies," says Mr Pearce. "Generally, the [illegible] has learnt much from the experiences of the 1980s and is now putting forward a coherent [illegible] programme, [illegible] from its running dialogue with City institutions."

In some cases, the people now running those institutions are [illegible] different. "The make-up of the people that run City institutions has changed," says Lord Williams of Elvel, the Labour peer and ex-merchant banker. "In 1987, you still had the great and the good tending [illegible] the merchant banks and clearing banks. But Mrs Thatcher did her work. Now the people running the major institutions come from a different background." Within that current group, there was no longer a "visceral hatred" of Labour politicians, Lord Williams adds.

[illegible] more self-interested analysis is offered by the chairman of [illegible] London-based merchant bank. "Labour hasn't been so bad for the City," he says. In fact, during the last Labour govern*ment of 1974-1979, the FT-All Share* Index rose by 114 per cent in nominal terms. By comparison, over the past five years, the index rose 76.9 per cent to June 1991.

But it is the party's commitment to the ERM that comes highest on the City checklist of approved policies, according to Mr Pearce. Though the party espouses more expansionary policies than the Tories, this pledge means Labour is unlikely to become, again, the party of devaluation.

Labour's policy documents [illegible]

'There will be no sterling crisis when we take power,' says Mr Smith, the shadow [illegible]. 'But even if there were, all I would have to do is pick up the phone and talk to somebody on first-name terms'

added to party [illegible] that it is no longer soft on inflation and would keep sterling within [illegible] fluctuation margins in the ERM. The party has ruled out a costly "dash for growth", [illegible] promises rigorous [illegible] on public spending.

"Though the net impact of a Labour government would *still* be negative, it would not be the same as in 1983 or 1987 when there would have been a *complete collapse in the financial* markets," says Mr Gavyn Davies, chief economist of Goldman Sachs, the US investment house.

There would be four main changes of direction, however:

- An uncosted rise in public spending to increase welfare benefits, improve infrastructure, health and education.
- An increase in top tax rates to 59 per cent, buttressed by the abolition [illegible] upper [illegible] limit [illegible] national insurance contributions.
- Introduction of a minimum wage [illegible] 50 per cent of median male earnings, rising to two-thirds.
- Introduction of credit controls to aid monetary control.

City [illegible] that the broad impact of these changes would not be severe. Goldman Sachs alluded to the stock market's "natural preference for the [illegible]" but said that investors would be "failing to appreciate the positive aspects of Labour's programme" if a Tory defeat lowered [illegible] values. But [illegible] *aspects of Labour's policies would not* be popular. Fund and investment managers worry about the party's eagerness to direct public investment into uncommercial areas, on the principle that "investment must have a higher claim than tax cuts".

Mr Tony Baker, of the Association of British Insurers, says the ABI will resist Labour's drive to alter the balance of pension provisions to make state schemes more [illegible]. But as Mr Keith Skeoch, economist at James Capel, the stockbroking firm, says: "There is not much to choose between the macroeconomic effect of Labour and Conservatives."

With the financial sector contributing about 4¼ per cent of gross domestic product, and the foreign earnings of City institutions totalling £6.2bn in 1989, Labour has shown no wish to undermine an efficient money-making machine. Its determination to soothe the City's nerves, and to preserve it as one of the world's top financial centres, has emerged clearly in Mr Smith's campaign to explain Labour in other European financial centres.

In addition to Mr Smith's marketing of Labour abroad, Ms Marjorie (Mo) Mowlem, Labour's City spokewoman, has been setting up a stall on regulatory policy. Sir Richard Lloyd, chairman of Hill Samuel, the merchant bank, says: "Mo Mowlem has been diligent in explaining Labour party policy on financial regulation to the City business community, so there's no *lack of comprehension*."

This new level of understanding does not disguise anxieties over Labour "vices" – interventionism, profligate quangos, over-regulation of business and restraints on takeovers, for example. There are also continuing concerns about Labour's attitude to the industries privatised under Mrs Thatcher: it has said renationalising the water industry is a priority; on electricity, it would take back control of the National Grid; and it would build up the government's holding in BT to 51 per cent.

The party believes that government should not be an invisible hand but "there to [illegible] *failure* of markets". Under Labour, the burden of proof in a takeover would be on the bidder. This dovetails with party plans to regulate the regulators, tackle insider dealing, and improve consumer protection and market transparency. Labour is committed to reform of the 1986 Financial Services Act, and wants to unravel the UK's tangle of regulatory bodies.

Labour would also turn the SIB into an "executive agency" accountable to the trade and industry secretary – allowing the SIB to take on many of the DTI's investigative powers. It would compress the four self-regulatory organisations (*SROs*) into two. It does not propose wholesale changes to accounting standards, but Ms Mowlem dislikes the "macho management culture" of the 1980s, which made "mediaeval barons" of company directors. She would introduce compulsory audit committees on company boards, and possibly create a new regulatory framework for auditors.

Beyond niggling worries about *these changes, City leaders are confi*dent that the time-honoured tradition of self-regulation will probably survive. "The City is unlitigious, it prefers voluntary codes. But if Labour came to power there would be [illegible] – only co-operation," says Sir Richard Lloyd of Hill Samuel.

Such co-operation is as much pragmatic as ideological. Polic[illegible] and opinions may be changing, [illegible] *old habits die hard. Acknowledg[illegible] that* the City's gut instincts remain Tory, Mr Smith is philosophical about those that privately offer him their support, but refuse to do so publicly.

"People in business and industry are always worried they might upset a client or, for that matter, the government," he says.

Abroad, he has established cordial links with the Bundesbank and the *French Socialist government*. Last year, he took his reassuring Scottish tones to the office of Mr Alan Greenspan at the US Federal Reserve Board. This year, he also toured Japan.

Mr [illegible] trips appear to [illegible] paid off. Mr Stanislas Yassukovich, the former [illegible] of the [illegible] Association and US banker, [illegible] "The international community is not greatly concerned that Labour would plunge Britain into [illegible] crisis that would cause serious problems for the City institutions."

OBSERVER

UK marks the spot

■ For over 40 years, 70 Wilhelm-Strasse – Britain's legendary embassy in Berlin until 1945 – was [illegible] barren waste south of the Brandenburg Gate. Yet London never relinquished its freehold claim to the bomb-flattened site, faithfully paying the snow removal charges to the East Germans, even at the height of the cold war.

Tenacity has paid off. With Berlin the designated seat of government, the UK's new embassy there will rise on the same ground if Sir Christopher Mallaby, the present ambassador, has any say. The French have retained the site of their old embassy, also levelled in 1945 and on the north side of the Brandenburg Gate, but they still have to decide [illegible] to do.

The old UK embassy was well placed. Pre-war British diplomats could drop in for a sumptuous meal at the famed Adlon hotel, just to the rear. Part of the bomb-gutted Adlon still stands and the Kempinski hotel group plans to rebuild.

The Foreign Ministry, the Reichskanzlei and Adolf Hitler's bunker were only [illegible] few doors down Wilhelm-Strasse which was renamed Otto Grotewohl Strasse after the first post-war East German prime minister. [illegible] is likely to get back its old name which was synonymous with the German government until 1945.

Hans-Dietrich Genscher, the foreign minister, is anxious to get his ministry to Berlin as soon [illegible] possible, but it's improbable he would [illegible]t to move back to Wilhelm-Strasse.

Birt on top

■ Even by BBC standards it has been a [illegible] power struggle. Heavy lobbying behind the scenes, a governors' board meeting which went on into the early hours of yesterday morning, ending up with an effective vote of no confidence in present incumbent [illegible] Checkland.

[illegible] would make [illegible] wonderful script for a soap opera were it not all so deadly serious. While still the world's most respected broadcasting organisation, the Beeb badly needs better financial and strategic management. It also has to agree a new charter in 1996.

In choosing Birt, the Beeb is not alone in believing that media people are the best people to run the media, even if the record casts doubt on the idea. The original bit is thinking an organisation can be run by two people for the next 20 months.

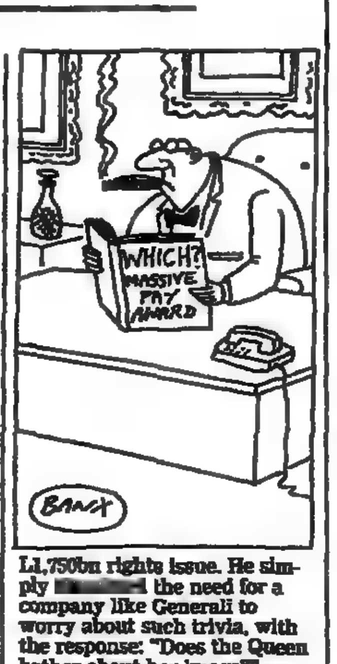
Hard day

■ As first days in a job go, Generali's new chairman could hardly have fared worse. Confirmed in the post at Italy's leading insurer at Monday's agm in Trieste, Coppola di Canzano had barely got through the press [illegible] that followed before the British government dealt him [illegible] bitter blow.

Rather than choosing "the Lion of Trieste" – as Generali is known in Italy – as its preferred suitor for the short-term credit business of the Export Credits Guarantee *Department*, the Brits chose [illegible] the Dutch minnow [illegible] has spe[illegible] in insuring commerical risk.

Such affronts are not appreciated in the Lion's den, especially given the fact that Generali's reputation for bureaucracy and occasional inefficiency is exceeded only by its [illegible].

Take for example the reply of Fabio Fegitz, one of its managing directors and an old London hand, when he was asked just before the news broke whether Generali's image as a [illegible] had suffered from its much criticised



L1,750bn rights issue. He simply [illegible] the need for a company like Generali to worry about such trivia, with the response: "Does the Queen bother about her image?"

While the Brits' decision may provoke thought among those who believe Generali can just rest on its laurels, a more pressing question is *already doing the rounds. Did* top executives know all along they had lost the UK contest while addressing shareholders on Monday morning?

Unconfident

■ After 15 years of uninterrupted growth encompassing a couple of recessions, someone *ought to carry the can for* the collapse into the red at builders Crest Nicholson.

David Donne, the chairman since 1973, blames the recession which he says is far worse than any he has known previously. We've heard that one before, David.

Meanwhile Roger Lewis, the 44-year-old chief executive, is collecting his cards. But Donne stresses that there was no question of his being made the scapegoat. The move was just to flatten the management [illegible].

[illegible] and good. [illegible] shareholders can be forgiven for [illegible] why [illegible] outgoing nor the incoming chief [illegible] (both [illegible]son career men) own a single share in the company. Hardly a vote of confidence.

On the ball

■ Any European prime minister prepared to turn out for *his local field hockey team* on spare Saturday afternoons has to be a good chap. Dutchman Ruud Lubbers, whose country now holds the EC presidency, is just that.

He is the sort of popular political veteran whose name keeps cropping up on the international transfer lists. Hence the talent spotters will be watching his performance in the run-up to December's crucial Maastricht summit with more than usual interest.

As the longest serving Dutch prime minister since World War II and one of the country's favourite politicians, 52-year-old Lubbers is often tipped to succeed Jacques Delors as full-time president of the EC Commission. And although *he has not thrown his hat in* the ring, there are signs he might like a change of turf.

However, workaholic Lubbers will have to forget any career moves for the next *six months as he takes on a* task which will test his diplomatic skills severely.

[illegible] Britain's [illegible] ally in [illegible] EC, [illegible] Dutch may [illegible] able [illegible] bridge-building *skills* to the delicate negotiations. On the other hand, Lubbers has to be seen as a neutral referee. But one never [illegible] – the presidency change may make a difference.

Progressive

■ [illegible] many [illegible]
■ [illegible] to [illegible] lightbulb?
One [illegible] start with, then 2, 4, [illegible] 16, 32....

LETTERS

Stereotyped view of MBAs condemned

From Mr Roger McCormick.

Sir, There is good reason to doubt the accuracy of the report referred to in your article "Cold climate continues for MBA graduates" (June 26).

Nobody supposes that MBAs can remain insulated from the current recession. But much of the report evidence is at variance with reliable data available from other sources.

For instance, some 90 per cent of part-time students (who form the majority of the student cadre) receive some form of employer help, up to and including full payment of fees. Records of subsequent career development [illegible] that employers value [illegible] motivation of those who have committed themselves to an arduous course of professional study. And, lastly, the emergence of consortium courses backed by leading British employers (BP, Jaguar, Sainsbury) suggests that interest in *MBAs is not* the prerogative of a handful of American banks.

There are, indeed, legitimate concerns about the maintenance of quality during a period of rapid expansion in [illegible] management [illegible]. But, [illegible] rising concern about the adequacy of training, [illegible] cause is not served by a rehearsal of outdated stereotypes.

Roger McCormick,
director-general,
Association of Masters
in Business Administration,
15 Duncan Terrace, London N1

Fax service
LETTERS may be faxed on 071-873 [illegible]. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

National framework is essential to alleviate a training crisis in UK

From Mr Andrew Howell.

Sir, The announcement that both Midland Bank and Mothercare are to pull out of the government's Youth Training Scheme (July 2) once again illustrates the failure of government policy in relation to post-16 education.

During the last 10 [illegible] Britain has failed to face up to the very real issues [illegible] adult training. As a result we are unable to provide the unemployed with the kind of real training opportunities that will make a difference to them and to the economy. During the employment crisis, as in that experienced 10 years ago, we still have very significant shortages of skilled labour in many fields.

The government's most significant response to the problem in recent years has been the establishment of the Training and Enterprise Councils (Tecs), [illegible] which [illegible] designed to undertake strategic training development in [illegible] to the needs of the local labour [illegible].

However, Tecs are increasingly [illegible]ting in a vacuum, doing their "own thing" outside of any [illegible] national or regional policy framework. It is this lack of a national framework which [illegible] forcing out not only Midland Bank and Mothercare, but [illegible] the voluntary sector-based training providers catering for those from the disadvantaged groups who inevitably find themselves [illegible] the back of the queue for employment.

Unless the Tec framework is reviewed quickly [illegible] situation can only get worse. Yes, we need proper strategic planning in the adult training field, but this [illegible] to be done [illegible] a national and regional basis rather than [illegible]ply being left to a handful of people at [illegible] local level, simply managing things in their own little patches.

The central importance of quality adult training to Britain's [illegible] been as clear: [illegible] need innovators and risk takers [illegible] simply localised [illegible]. We need [illegible] national policies and frameworks. The kind of parochial planning that [illegible] seeing [illegible] the moment can [illegible] *make for a deepening* [illegible] training crisis.

Andrew Howell,
[illegible] *Prospect Road,*
Mosley,
Birmingham [illegible]

CBI reaffirms consistency of its view on top managers' pay rises

From Mr John Banham.

Sir, Perhaps inevitably [illegible] present circumstances, [illegible] CBI [illegible] pay [illegible] reported selectively. So [illegible] not surprising that Kenneth Armitage (Letters, July 1) misunderstood our position.

[illegible] consistently [illegible] clear its view that pay must reflect perfo[illegible] – [illegible] all [illegible] in all [illegible]. Owners of [illegible] should determine in advance how managers' performance will be [illegible] – [illegible] far from straightforward matter – and agree how performance is to be reflected in pay.

Of course we understand [illegible] dangers of the politics of envy and greed, and the importance of leading by example. That is why, at the beginning of this [illegible], I made it clear that I would not accept any increase in my salary, the terms of my contract notwithstanding.

Nonetheless, it remains the case that most senior managers in Britain are paid substantially less than their counterparts elsewhere; and less than [illegible] heavy responsibility would warrant. Taking the 1980s as a whole, senior management pay has risen less rapidly than pay generally. It is not widely recognised that the purchasing power of the average after tax wage in the UK is close to the top of the European league table; managers come closer to the bottom.

John Banham,
Confederation of British Industry,
Centre Point,
103 New Oxford Street, WC1

Banking on it

[illegible] *Mr John Wright.*

[illegible] If [illegible] Nicholas [illegible] and his fellow bankers are so sure that small businesses are not now paying the bill for the banks' past failures, can he confirm that George Walker and the president of Brazil gave personal guarantees?

John Wright,
Keyturn,
Harland Way,
Cottingham,
North Humberside

Dangers in Britain's poor traded output and current account deficit

From Mr John Wells.

Sir, Financial deregulation and optimistic expectations certainly fuelled the boom in domestic spending which contributed to the sharp deterioration in the current account balance at the end of the 1980s. But maybe Samuel Brittan errs (Economic Viewpoint, June 27) by ignoring the weak performance of the supply side of the [illegible] during the 1980s, which remains [illegible] cause for con[illegible] – especially that of *traded* output.

[illegible] traded [illegible] is difficult [illegible] measure directly, inferences can, nevertheless, be drawn from the following indicators. Manufacturing output (with its high traded component) is now just 4.2 per cent higher than in [illegible] exports [illegible] commercial services (merchant shipping, aviation, travel, financial and other services) are just 5.6 per cent higher, by volume, than in 1979; output from the North Sea is just 12.1 per cent higher.

These paltry increases must be compared with a growth in domestic expenditure, which, though insufficient to attain full employment, amounted to 29.2 per cent relative to 1979 – a rough guide to the growth of domestic spending on traded goods and services.

It is on the basis of this extremely unbalanced performance between the growth of traded output and expenditure that Samuel Brittan calls for "[illegible] decade of Thatcherism" – a philosophy peculiarly obsessed with the performance of the non-traded parts of the [illegible] (public utilities, health, education) but which [illegible] the crucial traded sector to fend for itself in increasingly [illegible] markets.

Drawing down the country's net assets to sustain a rise in domestic spending which was *totally disproportionate to the* underlying growth [illegible] output hardly [illegible] an "achievement" we can afford to repeat.

John Wells,
Faculty of Economics and Politics,
University of [illegible]

From Mr Gerard Lyons.

Sir, Samuel Brittan is wrong [illegible] downplay [illegible] importance of the UK's sizeable current account defic[illegible]. It [illegible] important to [illegible] the [illegible] reflects structural problems; hence it remains [illegible] stubbornly high even in [illegible]. This is a symptom [illegible] the [illegible] low level of [illegible] and [illegible], particularly in the [illegible]able [illegible] sector – [illegible] manufacturing [illegible].

As a result, the UK [illegible] sufficient [illegible] goods to satisfy domestic d[illegible]. [illegible] high import penetration. Furthermore, the UK's lack of capacity and lack [illegible] in high value-added areas [illegible] that [illegible] fails to satisfy demand in high-income export markets.

This points either to a significant devaluation of sterling or to domestic demand growing at below its trend rate for some considerable period.

Mr Brittan makes much of the lack of response [illegible] the bilateral UK-German interest rate [illegible] to the current account deficit. This is not unexpected as:

- the UK's running down of its overseas assets has partially offset the need to attract overseas capital; overseas borrowing has tended to be mainly short-term capital which could be repatriated at little notice;
- crucially, the current account deficit has not implied an immediate sterling depreci[illegible], primarily because the adjustment has occurred through a tight policy stance that has squeezed the domestic real economy.

However, at some stage soon the persistence of the current account deficit could easily force a significant rise in the UK's interest rate risk premium.

This is likely to occur once *the markets realise fully that* the present adjustment to the deficit has failed [illegible] any [illegible] the underlying structural problems.

Gerard Lyons,
chief economist,
DKB International,
84 King William Street, EC4

Edward Mortimer

Half-baked federalism

Europe needs a constitution, not a hotchpotch of treaties

FOREIGN AFFAIRS

As in April the Kurds, [illegible] last [illegible] the Slovenes provided [illegible] European Council with a foreign policy crisis which distracted attention from some of the European Community's more humdrum [illegible] problems, [illegible] enabled it to cut a figure on [illegible] international scene. But whether the EC has [illegible] foreign policy between summits is [illegible] clear. Nor is it certain that [illegible] treaty on political union, [illegible] at [illegible] drafted, will enable it to have one.

One of Lenin's [illegible] famous writings [illegible] entitled "Left-wing communism, an infantile disease". Today, *Lenin is dead* [illegible] *communism,* if still alive, [illegible] suffering from senile dementia. Federalism is the revolutionary ideology in Europe today, and it too has its infantile [illegible] call it half-baked incrementalism.

A common symptom of dis[illegible] in [illegible] realm [illegible] political [illegible] obsession with [illegible] formulae. The British like to think themselves immune from this. "No flowery rhetoric for us," they say. "Give us a practical proposition and we'll tell you whether we agree with it or not."

That's [illegible] national self-image. The reality [illegible] is [illegible] different. The British body politic, [illegible] especially that part of [illegible] which prides [illegible] being most British and down-to-earth, the Conservative party, is tearing itself apart over a word: federal. Mr John Major, *the prime minister,* returns from Luxembourg expecting [illegible] welcome, [illegible] the [illegible] remnants of [illegible] banner inscribed with this [illegible] word draped over his lance. [illegible] has personally excised the [illegible] from [illegible] preamble [illegible] treaty. [illegible] admits that in some European countries "federal" carries positive overtones of decentralisation, but in Britain, he says, the *opposite is true. Really? Does* anyone suppose that when the Liberal Democrats advocate a federal constitution for the UK they are urging a *more* centralised form of government?

Mr Major and his foreign secretary, Mr Douglas Hurd, have decided that they prefer the phrase "an ever closer [illegible]". They are [illegible] with that phrase anyway, because it appears in the Treaty of Rome, which Britain accepted when it joined [illegible] EC in 1973. Yet if words are to be taken at face value, this phrase is actually far more menacing, to anyone *concerned with preserving* national sovereignty, than "a federal union".

An *ever* closer union? That must mean, if it means anything, that no matter how far we have gone in linking the member states to each other, we must strive to go further still. A federal union, by contrast, usually means one in which the respective spheres of competence of the union and [illegible] *component parts* [illegible] defined in [illegible] manner intended to be permanent, and alterable only by a predetermined, usually time-consuming, procedure. The document containing [illegible] is usually called a constitution. Such a document is what Europe now needs, but looks unlikely to get. How long, I wonder, before another British prime minister comes back from another summit claiming another famous victory: "It's all right, chaps, *the ever closer union has been* permanently shelved. I've got them to agree to a federal constitution, in which Britain's sovereign rights will be inalienably entrenched."

How long before another UK prime minister comes back from another summit claiming another famous victory: 'It's all right, chaps, the ever closer union has been permanently shelved.'

I call the disease half-baked incrementalism, because that is the way the Community actually proceeds. Nothing is thought out from first principles. No one draws up a list of the things we need a European *union for,* and then *designs* institutions that might actually produce those things. N[illegible] one talks about [illegible] constitution, because if we admitted to ourselves that we wanted a constitution we might have to elect a constituent assembly. Instead, we start from what we've got and tinker with it.

The present round of tinkering started when the French and *Italians noticed that they* were part of a *de facto* D-Mark zone and therefore thought it would be nice to have some say in German monetary policy. That led to the Delors *report, which led in turn to the* inter-governmental conference (IGC) charged with drawing up a treaty on economic and monetary union (Emu). The Germans then persuaded the French that such a union only made sense if there was closer political integration as well, and more democratic control of the EC's decision-making process. The Commission president, Mr Jacques Delors, while *favouring this idea in principle,* was afraid it would be used to delay or abort the birth of Emu, [illegible] own special brainchild. He [illegible] insisted that the [illegible] issues, despite their evident logical [illegible], be discussed separately – intending originally to [illegible] Emu through first. In [illegible] end Chancellor Helmut Kohl, aided by the sense of urgency if not panic about tighter political integration which imminent German unity imparted to *some of his European colleagues,* was able to get the two IGCs set up simultaneously, working to the same deadline. But we still have two of them, and will therefore have two treaties.

Even so, the IGC on political union offered a great opportunity to rethink the whole structure of the EC, making it more federal in the sense of defining more precisely the areas of *Community competence, but* also more democratic, by ensuring that within those [illegible] there were [illegible] federal organs under genuine parliamentary control. The respective roles of Commission, Council of Ministers, European Council (heads of government) and Parliament could have been clarified. Is the Council of Ministers a government or a legislature? If the former, should it not be separ[illegible] from national governments, even if appointed by them; should it [illegible] the Commission under its control; and should it not be answerable to the Parliament? If the latter, should its deliberations not be public, and should it not share power with the elected Parliament?

Alas, *these points are* unlikely to be clarified. On the contrary, the structure resulting from the IGC will be even more difficult for the ordinary citizen, and indeed for foreign governments, to make sense of than the one we already have. Not only will they have [illegible] remember [illegible] "the Council" means the Council of Ministers whereas "the European Council" means a summit meeting *of national leaders. They will* also have to try and work out why at one moment they are dealing with the EC, a more or less federal body operating under one set of rules, and at the next moment, on a closely related topic, with the European Union, an alliance of nation-states operating under another set of rules.

The British and French governments, especially, set great store by the fact that the draft treaty maintains this distinction. They want to keep foreign policy separate from the Community, in order to keep the Commission's nose out of it. Yet the Community already has a foreign policy, run by the Commission, in matters of trade and economic relations. To keep "political" foreign policy separate from this, run not by any permanent department *but by periodic meetings of* politicians and officials from national governments, is unlikely to make for greater coherence or continuity.

What is needed for a common foreign policy is a foreign ministry, which could be created by expanding the relevant departments of the Commission and placing them under a single political head. No such body will be created, because *the person in question would* be very powerful, and would have to be answerable either to the European Council, or to the Council of Ministers, or to the European Parliament. Deciding which would in itself clarify the political structure of the union/Community, in precisely the way that the [illegible] incrementalists wish to avoid.

PERSONAL VIEW

How to ensure public services will deliver improved quality

By Maurice Healy

All three of Britain's main political parties are now talking about the idea of making public services more accountable [illegible] consumers. The fact that they are vying with each other to *introduce variations on* the [illegible] Citizens' Charter is welcome, and not [illegible] time. But as the government may be discovering as it works on its White Paper, there are several obstacles to be overcome if the idea is to be put into practice.

The first relates to resources. One of the reasons why we need something like a Citizens' Charter is that managers of cost-limited public services, not directly paid for by consumers, need a real incentive to improve the quality of those services. At present, they have a positive incentive *not* to do so – *for if they improve the* quality, they may create new demands on the service which they cannot satisfy. [illegible] local housing authority manager who encouraged more tenants [illegible] *swift* repairs [illegible] council housing would [illegible] unlikely [illegible] find himself earmarked [illegible] promotion.

If charters for public services make [illegible] the [illegible] of quality being supplied – *as* they should – the suppliers may face consumer pressure, and ultimately political pressure, to improve l[illegible] of quality.

The second resource problem is that, *with budgets* that are necessarily finite, money spent compensating consumers for poor service may [illegible] be diverted from the [illegible] trying to improve the quality of the services themselves. An extreme example: the cost of compensating the parents of a baby damaged at birth may take resources away from services provided for other mothers in [illegible] maternity unit. The National [illegible] Council [illegible] deal with this problem would be [illegible] budget separately for "consumer satisfaction"; if [illegible] vice providers [illegible] targets, that bud[illegible] – a consumer [illegible]isfaction fund – could [illegible] be returned to them.

There are also very considerable practical problems. For some public services, the task of devising standards which mean something for consumers may be very difficult. Take, for example, the maintenance of [illegible] – a [illegible] currently regarded as extremely unsatisfactory by consumers. Monitoring [illegible] of [illegible] roads clearly [illegible] demands [illegible]. Specifying standards in terms [illegible] consumers can understand may [illegible] not be easy. And it may also [illegible] be clear who are the consumers of the system who ought to be compensated if standards are not met; only local residents? Or anybody who drives, cycles or walks down the road?

It is easy enough to decide to compensate people whose dustbins are [illegible] emptied when they should [illegible]. But what [illegible] you do for parents whose schools decide they can no longer offer music lessons?

The first essential of any charter is that its scope must be wide. It must not be seen just as a stick to beat local authorities with, but a commitment by government to improve public [illegible] in general, including those for which [illegible] is directly responsible, such as social security [illegible].

Then it is vital to set standards of service related to what [illegible] really [illegible]. This [illegible] demand much [illegible] information about [illegible] real needs than many suppliers of public services now have. When the NCC carried out its studies of the feasibility of setting performance standards and measures in local government services, for instance, we found that at that time few library authorities knew who their users were, or even how many there were, which made it difficult to tailor the service to users' needs. Just finding out what customers want would be a big benefit in itself.

And of course, standards of service need monitoring. That needs to be done in a way that commands respect – public scepticism about how well the Post Office and British Rail actually meet the performance standards they set themselves has been fuelled by marked differences between the claims of the services themselves and the findings [illegible] consumer watchdog bodies, for example.

Finally, [illegible] people are to feel that a charter belongs [illegible] them, they must both know their rights and be able [illegible] enforce them. So any charter [illegible] commitment [illegible] provide good advice [illegible] at the point that people can use them locally – and quick and [illegible] friendly systems [illegible] deal with complaints. These systems must also provide [illegible] simple, cheap and independent way of resolving disputes between customer and [illegible] provider when there [illegible] doubt about the [illegible] the case. Customers are not always right.

A Citizens' Charter will not solve all the problems of the public services overnight. Nevertheless, it should bring substantial benefits to those who use public services.

If it is done properly:

- We will know better what people really want;
- Those who use services will have a clear idea what they can expect;
- There will be incentives for public service managers to make things better rather than to ration them;
- Where it is appropriate, people will have specific rights to compensation;
- People will be able to feel that they get some more positive result from complaining than just grumbling to their neighbours;
- There will be some simple way of stopping disputes festering.

Here are a few specific ideas to be going on with. Perhaps the government could:

- Abolish crown immunity against prosecution for negligence;
- Set up a free telephone number, which will direct people with a problem to the right place to deal with it;
- Conduct market research annually which will show what people really think about [illegible] on offer and publish it;
- Monitor compliance with quality standards independently – and publish [illegible] results.

That should certainly make us collectively much clearer about what [illegible] want and what we are prepared to fund.

The author is director of the National Consumer Council

FINANCIAL TIMES
Wednesday July 3 1991

Alleged role of former Marubeni manager in steel fraud shocks Japanese business

Corporate arrests upset Tokyo shares

By Robert Thomson in Tokyo

THE ARREST of four businessmen in Tokyo on fraud charges and the alleged leading role played by a former manager at Marubeni Corporation shocked corporate Japan yesterday and unsettled the stock market.

[illegible] the offices of Marubeni, a large and well-regarded trading [illegible] after the [illegible] four businessmen. They [illegible] alleged to have illegally obtained at least Y3.4bn ($25.5m) through a [illegible] fictitious [illegible] deals last year that led to the failure of Iida Sangyo, a medium-sized steel trader in west Japan.

The deals were allegedly arranged by the former acting chief of Marubeni's steel project sales division and by executives at Kyowa Corporation, a [illegible] frame builder [illegible] declared itself bankrupt in [illegible] with outstanding [illegible] of some Y200bn.

Marubeni [illegible] said [illegible] company itself [illegible] not involved in the scandal. However, they said it was "regrettable that a former employee has been arrested" and that the "company's honour and reputation has been truly damaged". The manager, Mr Kazuyoshi Kubota, who had been with the company for 26 years, was dismissed in November after an internal investigation.

The trading house's stock price fell Y29 to Y572 yesterday. News of the arrests also led to a decline in the Nikkei average of 225 leading shares, which closed down 113.00 at 23,995.76 after opening positively because of Monday's interest rate cut.

The latest scandal is founded in the period of excessive stock and land speculation of the late 1980s. Kyowa had shifted from its core business of steel frames to the development of golf courses and resorts. The steel sales fraud is alleged to have followed debt repayment problems arising from the rapid increase in Japanese interest rates.

Prosecutors claim that the four men devised a series of fake deals in which the Marubeni steel project sales division ordered frames from Kyowa through Iida Sangyo, which was asked to pay Kyowa in advance. Presuming that the Marubeni order was genuine, Iida paid Kyowa a total of Y3.4bn between last June and November, [illegible] did [illegible] deliver any steel frames.

It is also alleged that several similar deals were organised, including one that [illegible] Nissho Iwai, another leading Japanese trading house. Prosecutors said that [illegible] itself appears to have been unable to collect [illegible] from Kyowa.

An official at [illegible] Sangyo [illegible] the [illegible] had pro[illegible] because "we trusted the Marubeni [illegible] Everybody knows that Marubeni makes prompt payments," [illegible] But, [illegible] this case, the fake deals were responsible for the collapse of his company.

Mandela defends ANC strategy

By Patti Waldmeir in Durban

MR Nelson Mandela, deputy president of [illegible] African National Congress, yesterday strongly defended the ANC's policy of negotiating with the South African government, and said he expected talks on a new constitution to begin "sooner rather than later".

He was making his opening address to some 2,000 delegates at the ANC's national conference in Durban, the first such meeting held inside South Africa for more than 30 years.

Delegates crowded the sports hall on a suburban campus of the University of Durban, singing *Nkosi Sikelele i'Africa* (God Bless Africa), the hymn of the liberation struggle. Mr Mandela and Mr Oliver Tambo, the ANC's ailing president, were greeted with standing ovations.

Mr Mandela set out to answer grassroots criticism of *negotiations by highlighting* the progress achieved so far. However, he condemned Pretoria for failing to stop township violence which, he said, had slowed further progress towards peace.

He demonstrated the strained relations between the ANC [illegible] F.W. [illegible] by angrily d[illegible] a government [illegible] on Monday that agreement had been reached to complete the release of political prisoners. He accused the government of "talking [illegible] while actually conducting war".

The ANC has often accused state security forces of involvement in recent violence, and criticised the ruling National party for failing to bring those involved to trial. Mr Mandela made clear that negotiations must resolve these issues.

His speech broke little new ground. *He appeared keen to* avoid dictating to his supporters, who have often criticised him and other ANC leaders for acting undemocratically, and failing to consult them on important policy decisions.

With an eye to leadership elections due to take place later in the five-day conference, *he made overtures to rad*icals who feel he has compromised too often and gained too little. He praised Umkhonto we Sizwe, the ANC military wing, and urged ANC fighters to keep themselves "in a *state* of readiness in case the *forces* of counter-revolution once more block the path to a peaceful transition to a democratic society".

The loudest applause of the day was reserved for Mr Ronnie Kasrils, the white ANC radical who recently emerged from 11 months in hiding after *Pretoria uncovered a plot to* infiltrate arms into South Africa.

Alongside the militant rhetoric aimed at disaffected radicals, Mr Mandela was at pains to reassure those who are classified as white, coloured and Indian that the largely black ANC would protect their interests. "We should not be afraid to confront the real issue that these national minorities might have fears about the future, which fears we should address."

He [illegible] organi[illegible] much-criticised alliance with the [illegible] Communist party saying the ANC would "rebuff all attempts to drive a wedge [illegible] our [illegible] organisations". The fact that communists occupy some of the top posts in the ANC leadership has led to confusion over the policies of the movement, *which spans a broad spectrum* of anti-apartheid opposition.

Mr Mandela urged his supporters [illegible] "begin to arrive [illegible] firm conclusions [illegible] what [illegible] would do with the country [illegible] the governing party", [illegible] that [illegible] movement was not moving quickly enough to [illegible] itself for [illegible]

"The matter should not be underestimated, that all our people want to know how we would govern the country if they gave us this responsibility," he said.

The current conference, though, will focus on short-term strategies for the transition to a post-apartheid society, rather than on future policy.

Party faithful: Nelson Mandela greets Oliver Tambo at the ANC conference, the first in South Africa for 30 years

Ford price cuts likely to start UK price war

By Kevin Done, Motor Industry Correspondent

FORD of Britain, the subsidiary of the US motor manufacturer, is to cut list prices across its entire car range, a move expected to trigger a fierce price war in the UK among volume carmakers.

Ford's 994-strong dealer network will be told today of the company's plan for improving sales in the UK, a market that has been battered by one of the sharpest slides into recession since the Second World War.

The slump in the UK new car market has been deeper than in any of Europe's leading volume markets this year.

This has taken a [illegible]larly heavy toll on [illegible] biggest [illegible] Britain [illegible] firmly [illegible] European [illegible] Germany, [illegible] has lost [illegible] of the [illegible] gained in the second [illegible] the 1980s.

Ford of Europe has compensated for the slide in its UK sales through sharply higher sales in Germany and Italy in particular.

The company is expected to make *substantial cuts* averaging around 10 per cent across its range of Fiesta, Escort/Orion, Sierra and Granada cars.

The price cuts – expected to last for about three months – are likely to force an early response from other car makers and will wrong-foot some of Ford's rivals. Rover has only recently increased prices [illegible] 2.5 per cent across its range [illegible] July 1.

Ford's action follows a move by Nissan UK last [illegible] to cut the prices of all Nissan models. The Nissan UK mov[illegible] after many months of [illegible] about prices with [illegible] Motor, the Japanese car maker, but was immediately overshadowed by the Inland Revenue's raid on the Nissan UK headquarters.

Ford, whose UK operations plunged into loss last year for the first time since 1971, had *previously* been expecting a recovery in new car demand in the second half of this year.

It disclosed last week, that it now expected sales to remain weak for the rest of the year and forecast that *total* UK new car sales this year would total only 1.55m.

This would represent a 22.5 per cent fall from the 2m sales achieved last [illegible] and a drop of a third in two years from the record 2.3m sales reached in 1989.

Kick-start recovery, Page 8

THE LEX COLUMN

A fault in GEC's cash machine

[illegible] *the investor's viewpoint,* [illegible] figure [illegible] out from GEC's annual results almost to the [illegible] the [illegible] For the first time since anyone can remember, the dividend has [illegible] been [illegible] is a shrinking company. But its supposed [illegible] was its ability to [illegible] off cash in [illegible] process. In the past eight years, adjusted for inflation, its earnings [illegible] by 17 [illegible] ers' funds have fallen by 25 per [illegible] share price [illegible] nearly [illegible] Its [illegible] outstanding achievement has been [illegible] dividend in real terms by 95 per cent. If that can no longer be trusted, [illegible] is left for shareholders?

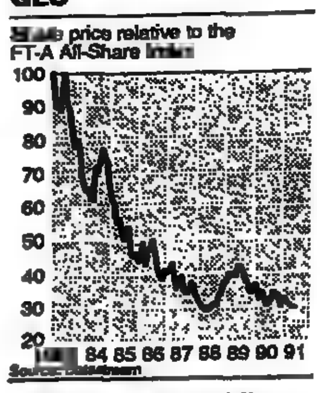
In [illegible] days, [illegible] guaran[illegible] *growth came* [illegible] company's [illegible] But in GEC's increasingly competitive mar[illegible] can no longer rely on [illegible] ers. Net cash held at the [illegible] of the group, as opposed to being tied up in joint ventures, is now down to £528m against £574m the year before. Compared with a dividend costing £245m, this is not the cushion it was. Even across the group as a whole, net operating cash flow last year after tax, dividends and capital investment was *only* [illegible]*e £40m.* The dividend itself, [illegible]hich was covered more than five times a decade ago, is now covered just twice; and the company is making [illegible] noises about potential difficulties with ACT.

Ten years ago, GEC stood at a 70 per cent yield discount to the market. It now stands at a 30 per cent premium. The trend has been fairly *steady* over the period, resulting more from a rising dividend than from a falling share price. It now risks being the *other* way round.

FT-SE [illegible] 2,460.2 (+16.6)

GEC

[illegible] price relative to the FT-A All-Share [illegible]



Source: [illegible]

3i

To have maintained net asset values through the onset of a recession is quite a feat for a venture capital investment company like 3i. Less certain is whether the market will honour this achievement when it comes to the prospective flotation. Nearly *80 per cent of* 3i's equity portfolio consists of unlisted shares. The company [illegible] adopts [illegible] highly conservative valuation policy [illegible] holdings. But the stock market has a long tradition of scepticism towards investment trusts which con[illegible] on unlisted securities. That is why Electra, for example, is trading at [illegible] 30 per cent discount to net asset value.

3i's investment portfolio con[illegible] over £1bn in [illegible] This makes it more vulnerable to outright [illegible] in [illegible] than if [illegible] confined itself to equities, which [illegible] upside potential in [illegible] difficult times.

Also, even if Midland and Lloyds Bank are keen to divest their holdings, some at least of its other shareholders would retain all or part of their [illegible] in a flotation. That would leave blocks of stock overhanging the market.

These are all *structural* problems which would have to be reflected in the price, whatever the economic climate. But they speak for delay, given today's particularly tough conditions for 3i's small business custom[illegible] Flotation [illegible] unlikely [illegible] year. [illegible] despite [illegible] provisions up nearly [illegible] to [illegible] slight increase in dividend payment and £82m in net realisation profits suggest investors are being buttered up for a sale.

Crest Nicholson

Investors might [illegible] hoped [illegible] was in sight for UK contracting and construction [illegible] when [illegible] hit [illegible] low [illegible] the mar[illegible] last week. Yesterday's [illegible] interim pre-tax losses from Crest Nicholson – together with the departure of the chief [illegible] – provides *food for* [illegible] *thoughts.*

[illegible] unexpected the scale of the disaster, [illegible] no reason to fear that the company is going bust. Banking [illegible] on [illegible] cover will be breached this year, but the balance sheet is not so dire that the group's lenders will lose faith. [illegible] will be relieved that there is no rights issue. On the *other hand,* trading out of the problem promises to be a long and difficult task. It is one thing to revalue commercial property on the basis of spicy yields: with half the portfolio unlet, there is no guarantee that the rental assumptions will prove sufficiently bleak. With a question mark over whether the chief executive deserves all the blame, Crest is unlikely to be given the benefit of the doubt until *the disposal programme* is well under way.

The surprising thing yesterday was the limited effect on the rest of the sector. Profit downgradings have admittedly been savage in recent weeks. But Crest is a couple of months ahead of the pack and is the first housebuilder to illustrate how spring expectations have been dashed. It will not be the last to pass its dividend.

Tace

Thermo's agreed bid for Tace *leaves one wondering* what all the fuss made by the Norwich Union about corporate governance was about. It is one thing for shareholders to exercise their democratic rights to impose management change on a company, another for that new management to accept a bid with its feet scarcely under [illegible] Admittedly, [illegible] new chairman was able [illegible] check Thermo's price against a bid submitted almost simultaneously by a management buy-out team from Tace's US subsidiary, who presumably have a pretty good idea of what the company is actually worth. The indecent haste, however, suggests that Norwich Union's protestations were directed more towards boosting the price than enforcing a point of principle.

Utilities

Clawing their way into the FT-SE 100 has proved increas[illegible] difficult for UK industrial companies of late. One that made it recently observes that the moment would have arrived much sooner had not privatised utilities consistently jumped the queue. Including BAA, there are now 10 such constituents, representing 12 *per cent of the FT-SE's market* cap.

Given that the sector barely existed 10 years ago, the FT-SE now arguably better reflects the economy as a whole. On the [illegible] hand, the heavy weighting of companies which, by their monopolistic [illegible] are able [illegible] buck [illegible] trend underlines the need for investors to apply more than one yardstick.

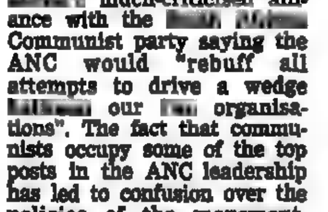
Lebanese army subdues PLO in Sidon

By Lara Marlowe in Beirut

THE LEBANESE army yesterday secured the region around Sidon in the south of the country after a two-day operation aimed at breaking Palestinian guerrilla strongholds and extending its control across the country.

After [illegible] guerrillas were *forced to retreat into the* Ein Helwe and Mieh Mieh refugee [illegible] President Elias Hrawi said: "From today we will not allow any republics, mini-[illegible] or cantons", adding that the Palestinians "talk of resistance, but it is we who are going [illegible] fight against the Israeli occupation if diplomacy fails".

The Lebanese government has [illegible] it will [illegible] all [illegible] against Israel from Lebanon, depriving Israel of a pretext for continuing [illegible] occupy Lebanese territory. [illegible] occupies a "security [illegible] territory [illegible] its border in defiance [illegible] United [illegible] Security Council Resolution 245.



Mr Michel Murr, the Lebanese defence minister, described the army's takeover of the Sidon region as "97 per cent completed". The Palestinian guerrillas have been told that they can keep their weapons inside the refugee camps at least temporarily, but movement in and out of the camps will be severely restricted.

Having disbanded and *disarmed other militias,* the government refused to make an exception of the Palestinians and their Islamic fundamentalist allies in southern Lebanon. The Palestinians are still seeking a *formal* agreement with the Lebanese government providing them with a defined civil status in Lebanon and allowing them to carry weapons inside the camps.

Two army officers were killed and 56 people were wounded in yesterday's showdown between the Lebanese government and the Palestine [illegible] Organisation. [illegible] majority of [illegible] were Palestinian civilians caught in the artillery bombardments in the villages of Moujaidin, Kraye and Ain el-Dib.

At the sound of the bombardments many residents of Sidon *headed north for safety in* Beirut, while Palestinian refugees fled from the camps into Sidon.

Fighting between [illegible] and Palestinian guerrillas broke [illegible] on Monday [illegible] refused [illegible] give [illegible] positions on [illegible] line [illegible] by [illegible] pro-Israeli South Lebanon Army (SLA).

Two Lebanese soldiers were killed and seven were wounded during the night and [illegible] troops, including [illegible] commandos [illegible] Beirut as [illegible]

UK moves to curb abuse of asylum laws

By Robert Rice and Ralph Atkins in London

MEASURES TO [illegible] growing abuse of the UK's asylum laws were announced by the government yesterday.

Mr Kenneth Baker, the home secretary, *said in a Commons* statement that a bill would be introduced as soon as possible to speed up and simplify the handling of asylum cases.

Currently, it takes 16 months on average to deal with each disputed case. There are 50,000 cases waiting to be dealt with and the backlog is growing by 3,000 cases a month.

The legislation will *introduce time limits for each stage* of the process but will also extend the right of appeal to all those whose claims are turned down before they are removed from the UK.

Mr Baker said the government had been driven to take these measures by the sharp *rise in the number of asylum* seekers from 5,000 a year in 1988 to more than 30,000 last year. In the first five months of this year 21,000 applications had been received, a rate of nearly 1,000 a week.

Last year 500,000 people applied for asylum in Europe. Numbers of this kind could not be sustained, he said.

In future, applicants who fail to seek protection in the first safe country they reach will be sent back to have their application dealt with there.

The [illegible] on airlines for [illegible] brought [illegible] UK [illegible] valid [illegible] doubled to £2,000.

The initial screening checks on asylum seekers who arrive in Britain with no passport or other means of identification are to be toughened.

Fingerprinting is being considered to weed out multiple applicants and may also be used to curb social security fraud by some asylum seekers. The Home Office estimates that last year it cost £400m to keep 30,000 asylum seekers on state benefits while their cases were processed.

The package delighted Tory MPs but received only a qualified welcome from Labour. Mr Roy Hattersley, shadow home secretary, said the number of multiple applications would [illegible] considerable to justify fingerprinting.

[illegible] hope eventually [illegible] maximum time [illegible] applications [illegible] about six [illegible] to prevent *asylum* [illegible] Legal aid [illegible] asylum [illegible] will [illegible] and responsibility [illegible] providing [illegible] representation passed [illegible] immigrants Advisory [illegible] in its Home Office [illegible] with this.

Democratic movement

Continued from Page 1

transform itself into a party until, at the earliest, its founding conference called for September. However, Mr Shevardnadze and his colleagues made clear their interest in creating what the former foreign minister called "a party of a new *type*" – an ironic reference to Lenin's description of the Communist party.

Its principles include support for parliamentary democracy, fundamental changes in the economic system, social, economic and political freedom, competition and equal opportunities for all.

WORLDWIDE WEATHER

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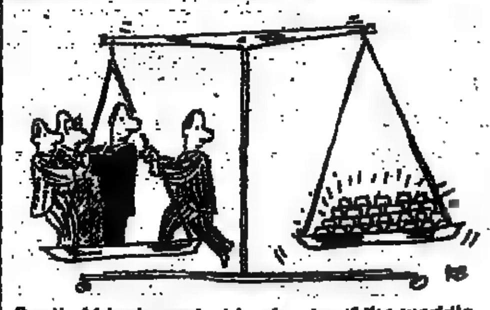
INSIDE

Bank moves to stop gold market swings



South Africa's central bank, one of the world's [redacted] gold traders, [redacted] its weight to reduce [redacted] in the gold market. The [redacted] is [redacted] continuing to rebuild [redacted] reserves. Mr James Cross, [redacted]ral manager of the South African Reserve Bank's gold and foreign exchange department said South Africa had [redacted] ounces to sell each year and his bank hoped to prevent wild swings in the gold market because these movements frightened [redacted] fabricators, such as jewellers, [redacted] investors. Page 25

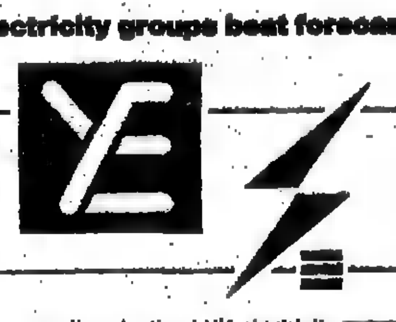
Spotlight on bank accord

The three-year-old Basle accord on bank capital has been blamed for the credit crunch, for encouraging banks to take on greater risks and for being too tough. Mr Peter Cooke (left), the man most closely associated with the accord, formerly of the Bank of England, has now carried out the first major stocktaking. In his [redacted] role [redacted] chairman [redacted] the World Regulatory Advisory [redacted] at [redacted] Waterhouse, [redacted] accountancy firm, [redacted] publishes a report today [redacted] the accord has had [redacted] impact. [redacted] reports. Page [redacted]

Marriott [redacted] by rising sales

Marriott, [redacted] lodging and [redacted] group, [redacted] profits of $37m in the [redacted] half of 1991, compared [redacted] in the same period last year. Profits after [redacted] in [redacted] second quarter alone were $27m, compared with $46m for [redacted] same period a year earli[redacted]. [redacted] totalled $1.94bn ($1.76bn). Most [redacted] the [redacted] improvement came from new hotels – 16 were added in the period, taking [redacted] to [redacted]. Page 17

Electricity groups beat forecasts



[redacted] recently-privatised UK electricity [redacted] yesterday announced [redacted] pre-tax profits. Eastern, the big[redacted] the [redacted] regional electricity companies, reported [redacted] figure of [redacted] ($211.6m) [redacted] to end-March, [redacted] Yorkshire Electricity reached £134.6m. The results were about 16 per [redacted] higher [redacted] forecasts [redacted] the privatisation last November. Page 22

Market Statistics

[redacted]	[redacted]	London [redacted]	21
Benchmark Govt [redacted]	[redacted]	[redacted] tradit [redacted]	21
FT-A [redacted]	21	Managed fund [redacted]	[redacted]
FT Int [redacted] svce	21	[redacted]	[redacted]
Financial futures	[redacted]	[redacted] int bond [redacted]	23
Foreign exchanges	34	World [redacted]	[redacted]
[redacted]	21	World stock [redacted] indices	[redacted]
London [redacted]	[redacted]	UK [redacted] announced	22

Companies in this [redacted]

3i	23	[redacted]	17
ABN Amro	[redacted]	Marriott	17
AT&E	[redacted]	Mitsubishi	18
AT&T	[redacted]	Mobil Oil [redacted]	[redacted]
Adidas	16	National Home Loans	22
American [redacted]	18	Olivetti	16
American [redacted]	17	[redacted]eugeot	18
Argyll	[redacted]	Polly [redacted] Intl	23
[redacted]	17	Pony International	16
[redacted] Brothers	23	RJ Reynolds	[redacted]
[redacted] and [redacted]	22	Renault	16
Campeau	17	Rhombus Vanadi[redacted] Hdg 16	
Caparo Industries	24		
Colorvision	23	Rothmans	16
Cray Electronics	22	SD-Scicon	22
EAB	16	[redacted] Oil	[redacted]
[redacted]	[redacted]	SocGen	[redacted]
Electronic Data	22	Swanyard	24
[redacted]	23	Tokai Carbon	[redacted]
Farepak	22	Toyo Carbon	18
Folkes	24	USKO	18
GSIS	[redacted]	Vasp	17
Hoyle (Joseph)	[redacted]	Walker [redacted]	23
		[redacted]	22

[redacted] price changes [redacted]

FRANKFURT (DM)			
Rises			
Herlitz	[redacted]	+	17.5
Mannheim Vers	870	+	21
Schmalbach L	470	+	16.5
Springer Axel	645	+	21
Falls			
Douglas Hldg	[redacted]	–	17
Gerresheimer	398	–	19
NEW YORK ($)			
Falls			
Am Stores	[redacted]	–	2 7/8
Collagen	21 1/2	–	2 3/8
Convex Comp	14 1/8	–	1 5/8
Intel	43	–	2 1/2
Superior Tele	4 1/4	–	1
US Air	14 1/4	–	3/4
PARIS (FFr)			
Rises			
Beghin-Say Crt	515	+	[redacted]
[redacted]			
BSN	874	–	24
[redacted]	396.0	–	17.2
Elf-Aqtn Cert	217	–	22
Fonc Lyonnaise	767	–	31
UFB Locabail	240	–	15
TOKYO (Yen)			
[redacted]			
Akmaly	2000	+	200
Hamai	579	+	44
Nippon Type	2400	+	210
Toyo Carbon	880	+	100
Falls			
Chinon Inds	666	–	65
Chiyoda	1900	–	200

New York prices as at 12.30

LONDON (Pence)			
[redacted]			
Cadbury Schw	359	+	10
[redacted] of Leeds	122	+	12
Farepak	373	+	6
[redacted]	222	+	12
In Shops	98	+	3
Iceland	[redacted]	+	5
Monarch Res	73	+	5
Shoprite	321	+	13
Siebe	462	+	13
Sth West Wtr	250	+	12
Speyhawk	[redacted]	+	4
Wellcome	671	+	[redacted]
Falls			
Airsprung	185	–	7
Colorvision	130	–	11
Grant Nichlan	82	–	20
Gresham Hse	63	–	12
Nat Home Loans	111	–	[redacted]
Ritz Design	[redacted]	–	13
Stand Platform	105	–	20
Wardle Storeys	283	–	23

Adidas sells shoe unit to Pentland

By William Dawkins in Paris [redacted] Alice [redacted] in London

ADIDAS, the German sportswear group controlled by Mr Bernard Tapie, the French financier, yesterday announced the sale of Pony International, one of its sports shoe companies, to Pentland Group, the UK consumer products company.

Since buying Adidas for an estimated FFr2bn ($330m) last year, Mr Tapie has said that he wants to sell off most of his group's other scattered bu[redacted]nesses to focus on Adidas.

Pentland, which earlier this year raised nearly $396m by selling part of its stake in Reebok, the US sports shoe company, has for some time been searching for acquisitions.

It is buying Pony for an undisclosed sum in cash and has handled its UK distribution since 1979. Mr Stephen Rubin, chairman, said the acquisition of the international rights to the Pony brand name and trademark, represented a "logical step".

When the acquisition is completed, Pentland plans to move the sales and styling operations of Pony to its UK base. It also plans to handle the sourcing of Pony sports shoes and sports clothing through its own Far Eastern sourcing network.

Pony, which had [redacted] of [redacted] in [redacted] or distributed in 37 countries. Its main market is the US, although it also has a substantial business in the UK.

The Pony disposal follows the recent sale for FFr100m of Mr Tapie's 58 per cent stake in Donnay, the Belgian tennis racket-maker, to its other main shareholder, the Belgian region of Wallonia.

Last week, Mr Tapie told a meeting of shareholders of Bernard Tapie Finances, his main listed French holding company, that negotiations were also well advanced for the sale of Tournus, a kitchen equipment supplier, for between FFr140m and FFr160m.

Other assets up for sale are Testut and Terraillon, the weighing machine makers and La Vie Claire, a chain of health food stores.

However, Mr Tapie plans to [redacted] group's 1.7 per cent [redacted] in TF1, [redacted]ce's leading private [redacted] channel.

He also plans to increase BTF's capital by about FFr600m and to sell 45 per cent of the capital of BTF GmbH, the German holding company through which he controls Adidas.

Olivetti quits plan to save French micro group

By William Dawkins in Paris

OLIVETTI, [redacted] Italian electronics group, yesterday pulled out of a rescue [redacted] for SMT-Goupil, France's [redacted] remaining independent maker of microcomputers.

The move makes it likely that the group, which has 750 staff and an estimated FFr750m ($122.76m) of debts, will face liquidation on or after July 11, the deadline by which the company's judicial administrator must decide whether a rescue is possible.

This is also a setback for the industrial policy of Mrs Edith Cresson, the French prime minister, who asked Mr Carlo De Benedetti, Olivetti's chairman, to consider taking part in a rescue of SMT-Goupil three weeks ago. Ciri, the French inter-ministerial committee for industrial reconversion, which was co-ordinating the rescue, warned there was no hope of saving SMT-Goupil.

In spite of the public authorities' efforts, the financial conditions could not be met in reasonable time "and thus Olivetti is not in [redacted] position [redacted] pursue the project, [redacted] has become impossible," said the Italian company.

Olivetti [redacted] ready to step in on three conditions – that the [redacted] filed for bankruptcy, which [redacted] on June 18, that [redacted] had [redacted]gement control, and that it could exchange shares of its French subsidiary for a stake in SMT-Goupil.

Olivetti was to have taken 40 per cent, with another 40 per cent going to France Télécom, the state-owned telecommunications operator which already owns 17 per cent of SMT-Goupil. Crédit Lyonnais, the state-controlled bank, would have taken the remaining 20 per cent.

[redacted]pil, [redacted] in [redacted], was bought out by [redacted] management four years ago. It holds 18 [redacted] cent of the French professional microcomputer market.

Intel: facing challenges to its dominance in the microprocessor market

Rocking the boat that Intel built

Louise Kehoe on the chipmaker facing [redacted] FTC investigation

Dominance of the world market for the semiconductor microprocessor chips that form the "brains" of personal computers, has won Intel, Silicon Valley's biggest chipmaker, world-wide acclaim.

However, the company is now also receiving less welcome attention from the US Federal Trade Commission. Late last Friday, Intel acknowledged it had been told that its business practices were under investigation by the FTC's anti-trust division.

The FTC never comments on, or confirms, any anti-trust investigation until it is completed. In this instance, however, not even Intel knows the scope or focus of the investigation.

During the past 10 years, Intel has achieved a virtual monopoly in the market for microprocessors in PCs through a combination of luck, leading-edge technology and tough marketing. The company denies, however, it has used anti-competitive practices to achieve or protect its position.

Intel's break came in 1980 when IBM adopted its 8088 microprocessor for its first PCs.Ever since, new generations of Intel-designed microprocessors have been the industry standard for IBM and IBM-compatible personal computers. An estimated 60m PCs containing Intel-designed chips have been sold over the past decade.

In the early 1980s Intel shared its good fortune in the PC market with other chipmakers such as Advanced Micro Devices and NEC of Japan, licensed to produce Intel-designed chips.

AMD claims to have played a significant role in establishing Intel's second-generation 286 microprocessor as an industry-standard device.

As the cost of microprocessor development escalated Intel changed its licensing policies. When it came to the third-generation 386 microprocessor, [redacted] cost the company [redacted] to develop, Intel became [redacted] source.

The chipmaker claimed that, only by reaping the rewards of its development could it afford to develop more powerful microprocessors. (Intel agreed to license IBM to produce the 386 microprocessor, but only for internal consumption).

AMD has been in legal disputes with Intel for more than three years over its claims to rights to make the 386. Late last year, AMD launched its own version of the 386 and this week launched a lower-cost version of the chip. Other US chipmakers are also developing "clones" of Intel chips.

Intel remains, however, the only supplier [redacted] its [redacted] fourth-generation 486 microprocessor, used in top-of-the-line PCs by IBM, Compaq and others. Intel says it spent a record $250m to develop the 486.

This [redacted] Intel announced substantial price cuts on the 486 to bring the latest generation of microprocessors into the "mainstream" PC market [redacted] limit opportunities for competitors.

Intel also offered a glimpse of another generation of microprocessors: codenamed the P5 but widely referred to as the 586, it will be available in small quantities by the middle of next year. It will contain more than 3m transistors – three times the complexity of current chips.

Intel's financial performance has outstripped most other US chipmakers and it has become a US technology champion in the face of Japanese competition. However, the company's success has bred resentment among competitors and fears among customers increasingly dependent on Intel for critical components.

"We are confident this investigation will result in a clean bill of health from the staff for the FTC," says Mr Thomas Dunlap, Intel vice president and general counsel.

He suggests that the FTC probe appears to be only a "preliminary investigation".

Industry insiders say privately that the FTC investigation may have been prompted by long-whispered allegations that Intel uses its microprocessor monopoly to bully customers into buying other chips from the company.

Intel, however, denies this and rejects assertions that it has threatened to withhold its latest microprocessor chips, in short supply, from customers buying microprocessors from competitors offering Intel clones.

PC industry analysts say that because Intel allocates supplies of its latest, sought-after chips first to its biggest customers, it has,in effect, become the arbiter of which PC companies will survive and the market share they can aspire to win.

Intel's own entry into the PC market, with machines resold by companies such as AT&T, has raised further concerns among chip-buyers, who fear that without the latest Intel chips they may not be able to compete.

Intel's practices are already being challenged in private litigation. In addition to AMD's suits and countersuits, Intel faces anti-trust charges filed by Cyrix, a small Texas chipmaker, alleging Intel intimidated its customers when it launched an "Intel-compatible co-processor" chip.

Intel claims it is "meticulous" in adhering to anti-trust regulations. "Given Intel's position as a key supplier of components to the computer industry, we've long had an aggressive programme in place to make sure that our business practices deal fairly and equitably with our customers and are in compliance with anti-trust laws," says Mr Dunlap.

Ironically, the FTC's investigation comes as Intel's dominance in the microprocessor market is facing challenges. In the burgeoning market for computer workstations, Intel has lost out to chipmakers offering higher performance Risc chips. Now IBM, Intel's biggest customer, is negotiating a technology swap with Apple Computer that could result in a new generation of PCs based on non-Intel microprocessors.

ABN Amro buys out EAB partners to gain full control

By Ronald van de Krol in Amsterdam and George Graham in Paris

ABN Amro, the Dutch bank, is taking full control of European American Bank (EAB) of New York by buying out its last two remaining partners, Société Générale of France and Creditanstalt Bankverein of Austria.

The large Dutch bank, which already owned 66.3 per cent of EAB, said yesterday it had acquired a 23.45 per cent stake from the French bank and a 10.25 per cent holding from the Austrian bank.

ABN Amro, which declined to give terms of the deal, said the transaction would simplify decision-making and speed up the restructuring of EAB, a loss-making commercial bank hit hard by the malaise in the property market on the US east coast.

EAB is expected to transfer some of its remaining problem loans in the property sector to its immediate holding company, European American Bancorp, which also becomes a 100 per cent subsidiary of ABN Amro. EAB will thus be able to improve its capital ratios and concentrate on lending to medium-sized businesses and consumers.

Despite continued problems in the property sector, ABN Amro sees EAB as an important channel for expanding in the US. The Dutch bank was created last year out of the merger between ABN Bank and Amsterdam-Rotterdam Bank (Amro).

Société Générale said it did not see a strategic value in EAB. The French bank's preference for 100 per cent control over subsidiaries is reflected in previous decisions to sell a holding [redacted]e Inter[redacted] de Placement and to buy out minority shareholders in Sogenal.

By taking full control of EAB, ABN Amro is pursuing a strategy of becoming a "bi-regional" US bank. It is well represented in the Chicago area through LaSalle and Exchange Bancorp, acquired by ABN in the late 1980s.

Before the merger with ABN, Amro Bank agreed to buy out two other minority shareholders in EAB, Deutsche Bank and Générale de Banque of Belgium.

EAB, with assets of almost $6bn and 88 branches in and around New York City and Long Island, has its roots in the short-lived European Banks International consortium, a vehicle created by several European banks in the 1970s for joint expansion in the New York metropolitan area.

GEC holds payout [redacted] profits fall

By Michael Skapinker in London

THE General Electric Company of the UK yesterday reported a 6.2 per cent fall in pre-tax profits to £818m ($1.34bn) in the year to [redacted] and declared an unchanged final dividend of [redacted]70p.

Lord Weinstock, managing director since 1963, said he could not remember the last time GEC failed to increase its dividend, totalling 9.25p for the past year. The company hoped to increase payments again in future years.

The company was affected by the recession in the UK and the US and by lower demand in continental Europe. Extra defence work was generated by the Gulf war, but sales of civil products fell in countries affected by the conflict.

Operating profits rose slightly to £688m (£671m) on turnover up 7.9 per cent to £9.48bn. Earnings per share were 18.6p (20.2p).

The company said it had cut 11,000 jobs world-wide in the year. Lord Weinstock warned of more redundancies and said further cost cuts were needed in sectors like telecommunications.

On prospects for the current year, he said that "trading conditions around the world are not noticeably better than last year".

The company had an order book, however, of £10.56bn, compared to £10.25bn the previous year. Net cash and short-term investments at year-end amounted to £528m, down from the previous year's £574m. But the additional share of cash and short-term investments in joint ventures and associated companies rose from £372m to £570m.

Lord Prior, chairman, [redacted] and [redacted] Weinstock [redacted] been awarded pay increases over the past year, but he did not disclose [redacted] awarded [redacted] for the current year. Lord Weinstock said that in the UK generally "levels of pay are too low".

Profits from electronics systems, boosted by the acquisition of Plessey and Ferranti businesses, were £263m (£224m). Power systems, including the GEC Alsthom joint venture, saw profits fall to £123m (£130m). GEC Alsthom's profits rose in local currency, but fell when translated into sterling. Telecommunications profits were £125m. Comparison with the previous year is difficult as this was GPT's first full-year result since Siemens of Germany acquired 40 per cent.

Profits from consumer goods, in which GEC has a joint venture with General Electric of the US, fell to £18m (£21m). Electronic components made no profit last year as a result of restructuring following the Plessey acquisition.

Lex, Page 14

W[redacted]lker wins round in fight to stay as chief executive

By Maggie Urry in London

MR GEORGE Walker yesterday won a round in his fight to remain a director of Brent Walker, the UK leisure group from which he was ousted as chief executive at the end of May.

At an acrimonious and lengthy meeting of shareholders, special resolutions to remove him, Mr John Hemingway, an associate of Mr Walker, and Mrs Jean Walker, his wife, from the board of the company did not achieve the 75 per cent majorities needed to succeed. Brent Walker shares fell 1p to 26p.

The votes were 9.42m in favour of Mr Walker remaining on the board and 10.99m against. Votes on Mr Hemingway and Mrs Walker were similar. The 10.99m included 4.75m shares owned by Mr Walker but pledged to TSB Bank as security for loans and which were voted against him. Mr Walker said he was taking legal advice over whether the bank had the right to vote the shares.

Lord Kindersley, chairman of Brent Walker since January when he replaced Mr Walker in that role, told shareholders that Mr Walker's and Mr Hemingway's removal as directors was a condition of the group's financial restructuring which was essential to its survival. An offer by Mr Walker to resign had had conditions attached which were unacceptable, Lord Kindersley said.

These conditions are understood to have included releasing Mr Walker from £30m ($48.3m) of loans made to him and his family to buy bonds issued by the company last November; the repurchase of a vineyard Mr Walker bought from the group; and compensation for loss of office. The total package could be worth £50m.

After the voting Lord Kindersley said the company would consider what steps to take next. One option is to put the resolutions to remove the three directors at another meeting after 28 days notice, which would require only a 50 per cent majority.

Lord Kindersley said that so far about 40 of the group's 47 banks had approved the refinancing but some of these had made their approval conditional on the departure of Mr Walker. Most of the banks yet to approve the package were Japanese and some of these are to make decisions about the refinancing at board meetings to be held today. It was hoped that all 47 would have agreed by the end of this week.

The bickering started even before the meeting officially opened at 11am. Within minutes Lord Kindersley was telling Mr Walker, "If you intend to disrupt this meeting we will have to call it off". The meeting continued bad tempered on all sides. Mr Walker later called the proceedings "a farce . . . absolutely silly".

Spotlight falls on German trading practices

Katharine Campbell looks at pressures for reform in the country's financial markets as the Frankfurt Stock Exchange probes "irregularities" at the Deutsche Bank

THE FRANKFURT Stock Exchange inquiry into alleged insider dealing and other irregularities at Deutsche Bank has focused attention on an area of banking practice ripe for an overhaul.

German financial market regulation is a curious mixture of the stern and the laissez-faire. Domestic banks can become entangled in a labyrinth of rules that prevent them from engaging in businesses or markets that are quite routine elsewhere, but standards in other ways fall well short of those appropriate to an aspiring international centre.

The absence of criminal penalties for insider trading abuses, lax rules regarding what dealers can trade for their own account, and the apparently inadequate safeguards against trading ahead of client orders are among the features that give Germany a less than good name.

Meanwhile, the strong federalist system continues to impede the creation of a central securities regulatory body in the mould of the US Securities & Exchange Commission, contributing, at least overseas, to the impression of laxity.

"The whole atmosphere is wrong," according to one senior banker, until recently an employee of Deutsche. "As far as trading ethics go, this is still virtually a third world country."

The abuses [redacted] to tend to be concentrated in the equity markets rather than in the big fixed income and foreign exchange areas. Within the equity markets, criticism is more commonly levelled at activities in stocks outside the most liquid blue chip DAX index, or in the relatively opaque over-the-counter derivative products including warrants.

Calls a year ago by Deutsche Bank's chief executive, Mr Hilmar Kopper, for tighter insider regulation and more transparent markets were a pointer to a more general shift in attitude away from the fierce defence of self-regulation. This was a response to a bunch of clubby rules as senior bankers become increasingly mindful of international reputation.

The probe at his own bank – in the course of which the head of equity warrants has already been dismissed although, Deutsche says, not for insider breaches – undoubtedly adds a new urgency to the pleas.

A key difference between Germany and London or New York is that many houses regard allowing their traders to operate for their own account as an important source of motivation.

"An orange trader is no good if he does not know how good oranges taste," contends Mr Christoph Niemann, partner of the Dusseldorf private bank Trinkaus & Burkhardt.

He adds that Trinkaus assures a clean and properly functioning system through internal rules by which traders must immediately sign off own-account deals with the department head. However, it is generally agreed that the larger the bank, the more scope there may be for abuse of internal guidelines. This is because it is more difficult to develop a water-tight system when there are so many people involved.

Moreover, dealers at the big commercial banks receive modest salaries compared with their counterparts at most Anglo-Saxon institutions, and [redacted]ften less well remunerated [redacted] those at the exclusive pri- [redacted] banks.

A common perk is a credit facility for use in "special trading situations". A new recruit earning perhaps DM200,000 ($112,360) could at some banks be offered DM400,000 almost straight away. While lines can be used to quite legitimate ends, some bankers are beginning to question whether they do not represent unwarranted temptations.

The attitude in London these days is far more restrictive. Banks and brokers consciously turn regulatory necessities to explicit marketing advantage by advertising themselves as "whiter than white".

While internal rules vary considerably, a common starting point is that traders running the house book, and/or operating for clients, never deal in those areas for their own account. A UK options trader complains that at his merchant bank he is forbidden even to hedge the interest rate risk on his private mortgage. However, despite the potential penalties, abuses continue.

Meanwhile, the problem of front-running abuses is one openly acknowledged by the Frankfurt Stock Exchange. The introduction of an electronic trading mechanism for the DAX stocks in April has enhanced the exchange's ability to follow up suspicious trades (with an electronic record of events in place of a paper-based system that easily descends into chaos in busy markets).

A spokesman admits, however, that floor system operating for the rest of the market allows "only incomplete control". Improvements are promised when a much-delayed electronic order routing system is in place (for which there is currently no date). "We do indeed need to make some changes," the exchange acknowledges, "so that a few black sheep do not give the impression that front running is common practice in Germany."

As for wider insider abuse, hitherto subject to a voluntary code of practice, it has either been remarkably absent in Germany – or gone largely undetected.

Already handicapped by the regional fragmentation of the oversight process, the eight insider commissions – one for each exchange – are, for instance, legally helpless if a company has not signed the undertaking and refuses to co-operate. The Frankfurt commission looks at between five and 10 cases a year, but it is a very long time since one was successfully brought.

In the case of AEG in 1986, it was the supervisory board member himself who subsequently admitted dealing on information of the impending Daimler Benz purchase of the electricals and electronics company. He paid back his gains, but did not resign.

EC insider guidelines, with criminal penalties, are scheduled to be written into national law by mid-1992, but that still leaves open the question of which authorities will enforce the new provisions.

This looks likely to be discussed in the context of an overhaul of the entire regulatory structure. Central banking regulators – Berlin civil servants often accused of legalistic ways distant both geographically and philosophically from the fast-paced securities markets – are, for instance, inadequate to this part of their task. They will, anyway, have to be complemented when the investment services directive paves the way for the creation in Germany of securities houses that are not legally banks.

Again, progress towards an increasingly unified stock exchange trading system means that oversight by the respective state economics ministries looks outdated. With opposition still running high from the banks for a German SEC, the onus is on them to find a credible alternative.

Renault and Peugeot renew research pact

By William Dawkins

RENAULT and Peugeot, the French car-makers, are about to renew a long-standing joint research agreement, which had been suspended following Renault's share exchange with Volvo, the Swedish car-maker.

Their 10-year-old research partnership had been frozen since the turn of the year, while the pair negotiated over the conditions under which Volvo should be allowed access to their joint findings.

The talks took on a political twist when Volvo struck an agreement in May to start making cars in the Netherlands with Mitsubishi Motors, a Japanese car group. This aroused the anxieties of Mr Jacques Calvet, the Peugeot chairman.

Under the old accord, Renault and Peugeot po[redacted] research in low pollu[redacted] engines. The new agreem[redacted] due to last for six years, [redacted] allow these existing [redacted]grammes to continue under [redacted] same terms as before.

Two additional bids made for Tace

By Richard Gourley in London

TACE, the UK environmental control equipment company already the subject of a takeover bid by Cambridge Electronic, yesterday received two additional bids, one recommended by a new board voted in after an institutional shareholders revolt last month.

The recommended cash offer of 255p came from Thermo Electon, a US-based group engineering group quoted on the New York stock exchange with a market capitalisation of about $850m.

The offer, valuing the Tace shares at £24.9m ($40.83m), is worth 35p more than Cambridge Electronic's cash alternative for its offer and 17.6p above its five-for-four share offer at the closing Cambridge price yesterday of 190p.

The offer is being made on behalf on Thermo by Crédit Commercial de France (CCF).

Although the Cambridge bid on June 14 was final, its advisers, Baring Brothers, said the company was considering its position at a board meeting today and is now free to raise its offer.

The Thermo offer includes a 205p per share offer, worth £7.6m, for the 49 per cent of Goring Kerr, which Tace does not currently own.

The first new offer for 252p, worth £24.6m, came from Stac, a management buy-out team led by senior management of one of Tace's US subsidiaries, STI, which makes smoke stack gas sampling equipment. The bid is backed by Stephens, a US investment firm.

The Cambridge bid came shortly before the Norwich Union successfully led an institutional revolt to remove Sir David Nicolson and his board after more than a year of disillusionment with the way it was carrying out a restructuring. Mr Michael Beckett, the new chairman, yesterday welcomed the Thermo bid.

Lex, Page 14

UK housebuilder passes its dividend

By Richard Gourley

CREST Nicholson, the UK housebuilding and commercial property developer, yesterday passed its interim dividend and announced the departure of Mr Roger Lewis, chief executive, following pre-tax losses in the six months to April of £33.90m. ($55.59m)

The recession forced the group to make £31m of provisions against falling land and property prices to speed the sale of assets and reduce gearing.

Mr Roger Lewis has been replaced as chief executive by Mr John Callcutt, who has been with the group for 17 years and was managing director of operations since 1989.

Mr Donne said the company could not agree a new role for Mr Lewis in a smaller team that has been slimmed to cut costs.

The £33.90m pre-tax losses, after the provisions, compared with profits of £572,000 on sales down £2.14m at £125.68m.

Losses per share increased to 30.69p from 2.01p at the last half year. The shares closed down 20p at 62p in London.

Mr David Donne, chairman, said that confidence in the housing market had evaporated in May after showing some firmness in April after the Gulf war.

Gearing on net borrowings of £104.06m at the end of the period was 82 per cent, a rise from 38 per cent on £57.90m of debt at the year-end in October. The interest charge jumped from £2.88m to £5.24m for the period.

COMPANY NEWS IN BRIEF

SIEMENS, the German electronics and electrical group, yesterday announced the appointment of Mr Heinrich von Pierer, 50, as its deputy chief executive, confirming he will take over the top job when Mr Karlheinz Kaske, 63, retires, writes Andrew Fisher in Frankfurt.

Mr von Pierer has been on the main board for less than two years. Until now, he headed Siemens' power generation division, formerly known as Kraftwerk Union (KWU).

Mr Kaske has been chief executive for 12 years and is expected to step down in October 1992. Under his guidance, the Munich-based group has expanded overseas and moved into east Germany when the border was opened.

■ Suedzucker, the German sugar refiner, plans a one-for-five rights issue to raise a nominal DM34.7m, Reuter reports.

■ Hidroelectrica del Cantabrico, the Spanish regional utility, has announced a 1-for-10 rights issue to help bolster reserves and repay debt, AP-DJ reports.

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INTERNATIONAL COMPANIES AND FINANCE

Marriott's profits halved as recession hits travel

By Nikki Tait in New York

MARRIOTT, the US lodging and contract services group, was hit by the recession and the continued oversupply of hotel space in the first half.

The group saw net profits slide to just $37m in the first half of 1991, compared with $74m in the same period a year earlier. Sales totalled $1.94bn, compared with $1.76bn in the 1990 period.

Profits after tax in the second quarter alone stood at $27m, against $48m in the year-earlier period. Fully diluted earnings per share fell from 46 cents to [illegible], although Marriott said the comparison [illegible]s adversely affected by start-up losses incurred at a number of new properties.

With these [illegible], and excluding the impact of disposals, the company's earnings per share, year-on-year, declined [illegible] per cent.

Marriott noted that travel had improved during the second quarter, but said the recession and overcapacity made an early upturn unlikely.

On the lodging side, the company reported an 11 per cent sales increase but said that operating profits were unchanged. Most of the sales improvement came from new hotels – [illegible] were added in the period, taking the total to 671.

Within the range of hotels operated by the group, Fairfield Inns, the economy division, fared relatively well, but the occupancy rate of its full-service lodgings declined by just under [illegible] percentage points to about 75 per cent.

On the contract services side, sales rose [illegible] per cent but, again, operating profits were unchanged. Lower levels of international travel and declining domestic traffic hit the Host airport food business.

With few analysts expecting an imminent upturn in the group's fortunes, Marriott's shares [illegible] $¼ lower to $17¾ in early trading.

Swiss bank's cash flow recovers

By William Dullforce in Geneva

BANCA DEL Gottardo, the Lugano-based Swiss bank in which Sumitomo Bank of Japan holds a majority interest, yesterday reported [illegible] per cent increase in first-half cash flow to SFr44.87m ($28.5m), compared with the record level reached in the first six months of 1990. For the whole of last year, however, cash flow declined by 25 per cent.

The bank said that first-half results had far exceeded the figures forecast at the beginning of the year when, because [illegible] Gulf crisis, Mr Claudio Generali, chairman, warned of a further decline.

Assuming normal development in the second half, net profit for the year as [illegible] whole should be 15 per cent higher than the SFr42m recorded last year, the bank said. Consolidated net earnings should show a similar advance over the SFr61.2m posted in 1990.

Better interest margins and a surge in income from currency trading helped to produce the cash flow advance. Income from commissions had shown a less marked progression.

Banca del Gottardo's [illegible] assets at the end of June amounted to SFr7.4bn, up by 9 per cent since the end of 1990. The increase was due largely to fluctuations in exchange rates.

S&P downgrades American Express

STANDARD & Poor's, [illegible] US credit rating agency, has cut its ratings on certain American Express debt, writes Nikki Tait.

The agency said that the move reflected "concerns about ongoing problems at the company's Shearson Lehman Hutton subsidiary and the likelihood that American Express may need to take further steps to shore up Shearson's tangible capital".

S&P added that Shearson's capital levels could be weakened further by [illegible] litigation related to its involvement with First [illegible], the failed San [illegible] life insurer.

The rating change affected American Express's senior debt, which switched from AA to AA-, and the preferred stock, which slid from AA- to A+. The ratings of some subsidiary companies, with about $14.4m of debt, were also downgraded.

NEWS IN BRIEF

AT&T accountancy

AMERICAN Telephone [illegible] Telegraph, the US telecommunications group, said it believed it would be able to apply a "pooling of interests" accounting treatment to its $7.4bn merger with NCR, the Ohio-based computer company.

The [illegible], it [illegible], follows talks with the US Securities [illegible] Exchange Commission, [illegible] and its own advisers. [illegible] treatment would allow the deal to go forward as an all-share transaction. If [illegible] was denied, AT&T had suggested that the consideration would be part shares and part cash.

Stores plan amended

FEDERATED Department Stores and Allied Stores, two bankrupt retail groups owned by Campeau of Canada, have filed an amended reorganisation plan.

The initial plan, unveiled in late April, envisaged giving creditors a mix of cash, debt securities and equity in a new merged group. The companies said the revised plan [illegible] changes in the composition of the proposed distribution amounts to the various classes of creditors.

Bondholders quickly voiced opposition to the new scheme.

Shell Oil to cut costs by reducing US workforce

By Deborah Hargreaves

SHELL OIL, the US unit of the Royal Dutch Shell group, the Anglo-Dutch oil company, announced yesterday it will cut its US workforce by 10 to 15 per cent as part of an ongoing restructuring process.

The cost-cutting initiative will continue for the next 12 to 18 months. It will include the sale of exploration and production [illegible] valued at some $500m as well as the proposed [illegible] of the company's Wilmington oil refinery in southern California and other non-strategic properties.

The company will reduce its workforce throughout the US by 3,160 to 4,700 employees by [illegible]ing severance packages and voluntary retirement.

Shell's US workforce totals 31,600 and the cuts will be the first major job reductions in the US oil industry since the price collapse in 1986.

"W[illegible] trying to bring [illegible] financial performance in line with corporate objectives," which demands a 12 per cent return on investment, a Shell official said.

The recession in the US as well as the volatility in oil prices caused by the Gulf conflict had hit the group hard, the official added. Shell Oil is a large buyer of crude oil and a net purchaser of gasoline.

In addition, it has experienced [illegible] for maintenance, particularly following the explosion [illegible] a Louisiana refinery in 1988.

In addition to the job cuts, the company is looking at the sale of assets in California, west Texas and the Gulf of Mexico.

Shell stresses that the job cuts are being made only in the US and there are no moves to reduce employment in the rest of the company.

● Phillips Petroleum of the US said it would either sell its Avtel advanced composites business or cease operations at the Bartlesville, Oklahoma, facility by the year-end if a buyer were not found, AP-DJ reports.

Avtel is the [illegible] of the energy and chemical group's line [illegible] reinforced with long glass or carbon fibres.

Brazil refuses to pay debt owed by Vasp

By Victoria Griffiths in Sao Paulo

THE Brazilian government has said that it would not pay foreign creditors any portion of the $276m owed by Vasp, the recently-privatised Brazilian airline, forcing the group to honour the debt on its own.

The federal government had assumed the debt last year, as part of a financial package to salvage the finances of the state of Sao Paulo, which then owned the airline. However, shortly after the deal was signed, Sao Paulo sold the company to the holding company of Mr Wagner Canhedo, now president of the group.

A legal action subsequently challenged Vasp's right to have benefited from the public pack[illegible]. Under the terms of the agreement, executed by the Bank of Brazil, Vasp won a five-year grace period on principal payments, which were extended over 20 years.

Mr Canhedo has been pushing aggressively for the air[illegible] expansion since he took control last autumn. He [illegible] announced plans to invest over $2bn in transforming the group into a leading international carrier, intending to finance the expansion by heavily leveraging the group.

Mr Canhedo's aggressive style has not been universally well received, however, and Vasp [illegible] now being challenged by competitors and suppliers.

The state-owned group Infraero is attacking Vasp for its failure to pay for the use of telecommunications, landing [illegible] and other [illegible]ces. According to the Aeronautics Ministry, the two companies are in talks over Vasp's debt. The ministry would not say exactly how much Vasp owes.

The legality of a barter deal that Vasp signed with state-owned Petrobras for the supply of 15m litres of kerosene a month is also being challenged.

According to the terms of the agreement, Vasp is to receive free supply for four months, in return for 12-year supply exclusivity.

AT&E files for Chapter 11 bankruptcy protection

By Nikki Tait

AT&E, the San [illegible] technology company which has being trying to develop a "wristwatch pager", has filed for Chapter 11 bankruptcy protection.

The company had warned last month that the bankruptcy filing would be inevitable unless it received an immediate cash infusion.

At that stage, it said it was laying off a large portion of its staff and curtailing operations in an effort to [illegible] its cash resources.

AT&E posted a first-quarter loss of $4.8m, slightly narrower than the deficit seen in the same period a year earlier. Mr Don Hoff, the group's chairman and founder, resigned in April.

AT&E [illegible] links with [illegible] Corporation, which has also been interested in the "bleeper watch" concept. The Japanese company lent AT&E over $7m, an amount that it said could be increased to over $11m if AT&E met certain financial targets.

Komatsu in US joint venture

KOMATSU, the Japanese construction machinery maker, is to set up a joint venture with Boston-based Connell Limited Partnership to manufacture sheet metal stamping presses for the [illegible] American motor [illegible], AP-DJ reports.

Dan[illegible] L.P., the new company, has been created out [illegible] Connell's former Danly Machine division.

A total of $45m has been invested into the Chicago-based joint venture, with Komatsu owning [illegible] per cent and Connell owning the remaining 70 per cent.

Danly-Komatsu has inherited Danly Machine's workforce of [illegible] and [illegible] press factory in Chicago.

Prices for electricity determined for the purposes of the [illegible] pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	[illegible]	16.25	[illegible]
0100	[illegible]	16.25	[illegible]
0130	[illegible]	16.27	[illegible]
0200	15.82	16.25	[illegible]
0230	15.82	16.27	[illegible]
0300	15.82	16.27	[illegible]
0330	[illegible]	[illegible]	16.25
0400	[illegible]	[illegible]	16.25
0430	[illegible]	[illegible]	16.25
0500	15.82	16.25	16.25
0530	15.95	16.28	16.28
0600	15.95	16.28	16.28
0630	15.95	16.82	[illegible]
0700	18.30	19.00	[illegible]
[illegible]	18.56	19.29	20.56
[illegible]	20.96	21.78	22.18
[illegible]	[illegible]	[illegible]	24.41
[illegible]	[illegible]	[illegible]	[illegible]
0930	22.40	38.67	41.73
1000	22.58	39.75	42.78
1030	22.81	27.19	29.78
1100	23.20	26.78	[illegible]
1130	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]
1230	[illegible]	[illegible]	[illegible]
1300	23.36	[illegible]	[illegible]
1330	22.07	22.99	24.70
1400	21.50	21.90	[illegible]
1430	21.42	21.55	[illegible]
1500	[illegible]	[illegible]	22.86
[illegible]	[illegible]	[illegible]	22.63
[illegible]	[illegible]	[illegible]	22.67
1630	[illegible]	21.91	22.93
1700	22.91	21.79	23.27
1730	22.31	21.69	23.14
1800	21.48	21.39	[illegible]
1830	20.91	21.03	[illegible]
1900	16.69	16.67	[illegible]
1930	16.69	19.11	[illegible]
2000	18.68	18.11	20.49
2030	19.42	17.85	17.66
2100	19.50	20.98	[illegible]
2130	19.52	20.99	[illegible]
2200	19.52	21.00	21.00
2230	19.52	21.60	22.28
2300	[illegible]	20.99	22.30
2330	[illegible]	19.11	[illegible]
2400	16.30	18.64	[illegible]

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.50/MWh becomes 1.85p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL COMPANIES AND FINANCE

American dreams of higher things

Paul Betts looks at the US carrier's expansion into the UK market

AMERICAN Airlines, the largest US [illegible], could not have [illegible] a more difficult time to launch its most [illegible] international expansion programme. However, Mr Robert Crandall, [illegible] chairman, indicated at yesterday's launch of his company's new transatlantic services from London Heathrow airport that he would pursue aggressively his airline's push into international markets.

He said if the UK government were to give American the authorisation to fly additional routes to London, he would be ready to start them immediately. "If we could fly to London from San Juan, Seattle, Nashville, San Jose, we would start tomorrow," he said. "But the UK government won't let us, and I think that's a terrible policy decision."

American Airlines has invested about $2bn in its latest expansion into the UK market. This [illegible] nearly $500m to acquire former Trans World Airlines routes into the UK and a further $1.5bn in [illegible] to serve these new routes. By the middle of this month, American will become the largest US carrier in the UK market, with 105 weekly flights to [illegible], including 63 from Heathrow. Overall, it will be operating 206 weekly flights from eight European countries by the middle of this month.

An ardent crusader of airline deregulation and liberalisation, Mr Crandall repeated calls for the UK government to adopt a more [illegible] approach [illegible] UK-US airline services and grant American [illegible] authorities to fly more frequencies to the UK [illegible]. He said if he were granted additional frequencies, he would consider [illegible], London's newest airport complex and one in search of new international airline customers.

He argued that the extra competition British Airways [illegible] at its home [illegible] of [illegible] – with the arrival of American and other international carriers such as [illegible] Airlines, All Nippon Airways, Cathay Pacific and Virgin Atlantic – would ultimately increase the overall market, especially [illegible] the [illegible].

He also claimed he was not worried by the current negotiations [illegible] BA and the Belgian airline Sabena, [illegible] could lead to a partnership between the two. "Such an agreement would be favourable for [illegible] becomes a more active centre of international aviation," he said.

Although the current fares war across the Atlantic was depressing yields, Mr Crandall said traffic appeared to have picked up more strongly than expected. This largely reflected the start of a recovery in the US economy, which had led to what Mr Crandall claimed were satisfactory passenger load factors on his airline's transatlantic operations this summer.

He conceded, however, that American's financial performance was still disappointing. Like other airlines, it has been hit by higher fuel costs, the Gulf conflict and the economic recession.

The International Air Transport Association (IATA) indicated that the industry had lost $2.5bn on international passenger services so far this year, following a cumulative loss of $2.7bn last year.

After losing $39.6m last year, American reported a $195.6m loss in the first quarter of this year. Mr Crandall said there would be another heavy loss in the second quarter and the third quarter would not be "very satisfactory".

He emphasised it was crucial for the industry [illegible] profitability if airlines were to go ahead with the necessary [illegible] of their fleets. American alone is committed to more than $4.5bn in new capital spending this year.

[illegible] van der Meer

Robert Crandall: ready to take on even more UK routes

Japanese electrode companies to merge

TO[illegible] Carbon and Toyo Carbon, both belonging to Mitsubishi Group, are to merge on January 1 [illegible] to become the second biggest producer of graphite electrodes in Japan, company officials announced, AP-DJ reports.

The two decided to merge to promote international competitiveness by saving costs and improving quality, amid increasing demand for graphite electrodes, which are used for electric furnaces to melt scrap for recycling, the officials said.

The new company will be capitalised at about Y12.5bn ($90.3m), with total assets amounting to about Y88.4bn.

First-year sales are expected at Y63bn, with pre-tax profit seen at Y3.4bn. Net profit will be Y2.1bn. The merger will pay Y5 dividend per share.

Tokai Carbon, listed on the first section of the Tokyo Stock Exchange, is capitalised at Y9.01bn, with sales in the [illegible] year totaling [illegible]

Toyo Carbon, which is listed on the second section of the exchange, will be liquidated. It [illegible] capitalisation with sales in the latest year amounting to Y16.19bn.

Toyo Carbon shareholders will be given nine Tokai [illegible] Toyo's.

Usko, RhoVan in talks on disposal of vanadium unit

By Philip Gawith in Johannesburg

USKO, the South African steel producer, is negotiating the possible disposal of its vanadium operations, less than a year after it commissioned a new vanadium recovery plant outside Johannesburg.

Talks are being held with Rhombus Vanadium Holdings, a South African mining operation, about a possible merger between RhoVan and the vanadium arm of Usko. RhoVan currently supplys Usko with magnetite ore, the raw material from which vanadium pentoxide is manufactured.

The main motivation for the talks is Usko's weak financial position. The company made an operating loss of R3.4m ($1.17m) in the six months to end-March, against a R17.8m operating profit in the same period in 1990. Commissioning losses on the vanadium plant have been in the region of R20m. Debt also rose to R182m at the end of March, leaving a debt/equity ratio of 1.5:1.

Analysts say Usko produces a good quality product but has suffered from low volumes, the [illegible] of electrical and mechanical difficulties, which push up unit costs. Usko is thought to be producing at a [illegible] of 4mlb/annum compared with its capacity of 7mlb/annum.

Vanadium is primarily used as an additive in the steel-mak[illegible] process [illegible] provide strength, toughness and resistance to abrasion.

The vanadium market has been weak for some time due to poor domestic and international demand for steel. There is also a problem of oversupply. Mr Dave Russell, of stockbrokers Irish Mennell Rosenberg, estimates the 80mlb per annum world market is oversupplied by about 4mlb.

The weakness of the market is illustrated by the spot price, which is languishing at about $2.30/lb against a contract price of $3.10/lb [illegible] by Highveld Steel and Vanadium, the world's largest producer.

Rothmans ahead 32.6% in Malaysian operation

By Lim Siong Hoon in [illegible] Lumpur

THE OPERATING margin at [illegible] Malaysian [illegible] operations of Rothmans, the UK group, improved to 29.6 per cent on a turnover of M$1bn (US$357m) for the year to end-March. After-tax profit rose by 32.6 per cent.

In the four years since overtaking Malaysian Tobacco Company – the local unit of UK's BAT Industries – as the largest tobacco producer, Rothmans has consistently outperformed its two rivals. The operating margin at MTC last stood at 13.1 per cent. At RJ Reynolds, the US group in Malaysia, it was 18.8 per cent.

Rothmans has just changed its financial year, with M$666m [illegible] turnover for the nine months to end-March 1990.

Its current sales exceed the combined sales of competitors by 30 per cent. However, a strong challenge is expected from RJ Reynolds, which [illegible] gained [illegible] and sought to raise its image with a flotation last year.

Pre-tax profit at Rothmans [illegible]. After-tax profit of M$186m brought its accumulated profit to M$447m, compared with M$316m.

Earnings have climbed to 65 Malaysian cents a share, compared with 49 cents. The group has recommended a final dividend of 25 cents, brin[illegible] total annual payout to [illegible]

Manila Hotel plans unveiled

THE GOVERNMENT Service [illegible] System (GSIS) of the Philippines yesterday unveiled details of its sale of the historic Manila Hotel, writes Greg Hutchinson in Manila.

It said it would sell 70 per cent of the hotel via a two-stage divestment scheme involving a 40 per cent public bidding and a stock offering of 30 per cent, which would include 5 per cent for employees.

Mr Feliciano Belmonte, GSIS president, said the 40 per cent [illegible] bidding would be com[illegible] within the year.

"If they [the cabinet-level committee on privatisation] press me, the entire 70 per cent of Manila Hotel can be sold within the year," he said.

Mr Belmonte said SyCip, Gorres, Velayo, a Philippine auditing firm, appraised the property's val[illegible] at 1bn pesos [illegible] excluding the land on which it stands.

He expects 400 to 500m pesos from the auction of 40 per cent of the 79-year old hotel.

Mobil Australia back in black

MOBIL OIL Australia has returned to the black, posting an operating profit after tax of A$86m (US$66.1m) in the fiscal year to end-December, compared with a A$14m loss a year earlier, AP-DJ reports from Melbourne.

Operating revenue climbed 26.5 per cent to [illegible] from [illegible].

The latest [illegible] include any contribution from the marketing and refining [illegible] Australia that were acquired earlier in 1991.

Mr Richard Leonard, chairman and managing director of Mobil Oil Australia, said: "Our business was affected by the Middle East war and a highly competitive retail market. Despite this, we managed to recover the ground we had lost in 1989."

The company said it was studying the investment of A$1bn in its refinery in Altona, in the state of Victoria.

Leadership and Innovation

NEW ISSUE

This announcement appears as a matter of record only.

May 1991

Roche

Roche Holdings, Inc.
(Incorporated in the State of Delaware with limited liability)

U.S.$1,000,000,000

3½ per cent. Bonds due 2001 with Bull Spread Warrants

issued by

Roche Investments Limited
(Incorporated in Bermuda with limited liability)

relating to

Bearer Shares of

Roche Holding Ltd
(Incorporated in Switzerland with limited liability)

Swiss Bank Corporation

Credit Suisse First Boston Limited
BZ Bank Zurich Limited
UBS Phillips [redacted] Drew Securities Limited
Deutsche Bank Capital Markets Limited

ABN AMRO
Merrill Lynch International Limited
BNP Capital Markets Limited
The Nikko Securities Co., (Europe) Ltd.

NEW ISSUE

This announcement appears as a matter of record only.

June 1991

Banco Santander

Banco de Santander, S.A.
[redacted] with limited liability in Spain)

Ptas. 40,000,000,000

9 per cent. Subordinated Conversion Bonds 1994

Swiss Bank Corporation

Goldman Sachs International Limited
Morgan Stanley International
S.G. Warburg Securities
Merrill Lynch International Limited
Salomon Brothers International Limited

Cazenove & Co.
Lehman Brothers International
Société Générale
Dresdner Bank Aktiengesellschaft
Nomura International

ABN AMRO
Banque Indosuez
Crédit Lyonnais Securities
Daiwa Europe Limited
Enskilda Securities
Lazard Brothers & Co., Limited
J.P. Morgan Securities Ltd.
Paribas Capital Markets Group
The Royal Bank of Scotland plc
UBS Phillips & Drew Securities Limited
Bankers Trust International Limited
James Capel & Co.
Credit Suisse First Boston Limited
Deutsche Bank Capital Markets Limited
Kidder, Peabody International Limited
Mediobanca-Banca di Credito Finanziario S.p.A.
The Nikko Securities Co., (Europe) Ltd.
N.M. Rothschild & Sons Limited
Svenska Handelsbankengroup
Yamaichi International (Europe) Limited

NEW ISSUE

This announcement appears as a matter of record only.

July 1991

STEFANEL

Stefanel Finance Ltd.
(Incorporated with limited liability in the Cayman Islands)

Unconditionally [redacted] irrevocably guaranteed by
[redacted] into [redacted] of

Stefanel S.p.A.

Lire 70,000,000,000

9 per cent. Convertible Bonds due 1995

Mediobanca International Limited
[redacted] Bank Corporation

Banca Commerciale Italiana
Banco [redacted] Napoli
Istituto Bancario San Paolo di Torino
Banco di Roma
Credito Italiano
[redacted] Nazionale del Lavoro
CARIPLO
Monte dei Paschi di Siena
[redacted] Spirito

Dresdner Bank Aktiengesellschaft
Lazard [redacted] et Cie
Nomura [redacted]
J. Henry Schroder Wagg & [redacted] Limited
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Lehman [redacted] International
Paribas Capital Markets Group
S.G. Warburg Securities

This [redacted] appears as a matter of record only.

May 1991

Household International, Inc.

International Offering [redacted]

300,000 Shares

Common Stock

Swiss Bank Corporation
Goldman Sachs International Limited

Commerzbank Aktiengesellschaft
Credit Suisse First Boston Limited
J.P. Morgan Securities Ltd.
Nomura International
Paribas Capital Markets Group
S.G. Warburg Securities

Swiss Bank Corporation
Schweizerischer Bankverein
Société de Banque Suisse

Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB. Tel: 071-329 0329. (Member of SFA).

INTERNATIONAL CAPITAL MARKETS

Treasuries edge lower on positive economic news

By Patrick Harverson in New York and Tracy Corrigan in London

US government bond prices edged lower at both ends of the market yesterday morning under pressure from yet more positive news on the economy.

By midday, the benchmark 30-year Treasury issue was down $\frac{1}{32}$ at $96\frac{11}{32}$, to yield 8.438 per cent, and the two-year note [illegible] down $\frac{1}{32}$ at 100, to yield 6.983 per cent.

The economic news that [illegible] cent rise in May factory orders (the [illegible] jump in over a year), and a University of Michigan consumer sentiment index for [illegible] which showed steady improvement in consumer confidence.

The data, following Monday's unexpectedly strong purchasing managers' report, reduce the chances of further monetary easing by the Federal Reserve, and revives market fears that a recovering [illegible] could trigger inflationary pressures.

■ THE German government bond market recovered some of its quarter-point losses by the end of the day, but still lacks support, [illegible] said. German domestic institutions have remained loath to enter the market, [illegible] 10-year yields breaking through 8½ per cent, which is often a buying trigger.

Concern that tax rules may be tightened continues [illegible] dampen sentiment. One analyst said that there does not appear to be net disinvestment from German bunds, but [illegible] selling domestic bund mutual funds and buying Luxembourg-based funds.

The weakness of the D-Mark, which slipped another pfennig against the dollar yesterday, is detering international investors, dealers said.

The September bund futures [illegible] on Liffe [illegible], slightly [illegible] previous close, but up from its low of the [illegible] of 84.44.

The French bond [illegible] performed worse, losing nearly half a point. Dealers reported technical weakness in [illegible] French market, be[illegible] short positions remain, and there has been some selling ahead of Thursday's monthly OAT auction, expected to total FFr6 to FFr8bn of 10-year [illegible] 30-year bonds.

In addition, there has been some switching out of France and into Denmark and other European [illegible]. Denmark outperformed most other European markets [illegible] end unchanged.

Italian secondary [illegible] prices lost further ground in nervous trading, although many issues recovered slightly in the afternoon session, Reuter reports.

Moody's downgrading [illegible] Italy's foreign debt and higher yields at yesterday's five-year fixed-rate [illegible] auction trig[illegible]red [illegible] selling [illegible] dealers said.

■ UK [illegible] gained slightly from poor [illegible] in Germany and France. Dealers reported some switching, in fairly low volume, into gilts, which nudged the long gilt futures contract up to 90.20 from [illegible].

■ THE J[illegible] bond market fell back yesterday, having run ahead of itself on Monday on news of Japan's half-point discount rate cut. The benchmark No [illegible] closed at a yield of 6.77 per cent, down from 6.75 per cent.

● The Asian Development Bank (ADB) [illegible] raised its lending rate on ordinary operations loans [illegible] from 6.50 per cent.

The bank said the new rate would take effect from July 1 to December 31 1991. The ADB's pool-based variable lending rate is adjusted on January 1 and July 1 each year and is determined by adding a spread – currently 0.40 per cent per annum – to the average cost of outstanding bank borrowings included in the pool.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	[illegible]	Month ago
AUSTRALIA		12.000	11/01	[illegible]	[illegible]	[illegible]	11.31	[illegible]
BELGIUM		10.000	08/00	103.5500	-0.150	9.39	9.38	9.08
CANADA *		9.750	06/01	97.6500	-0.300	10.13	10.11	9.58
DENMARK		9.000	11/00	98.0750	-0.200	9.30	9.28	9.12
[illegible]	BTAN	9.000	02/96	98.8873	-0.217	9.28	9.38	8.93
	[illegible]	[illegible]	01/01	[illegible]	-0.450	[illegible]	9.27	8.90
GERMANY		[illegible]	05/01	[illegible]	[illegible]	[illegible]	[illegible]	8.25
ITALY		[illegible]	03/01	97.1300	[illegible]	[illegible]	[illegible]	12.88
JAPAN	No [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.01
	No 129	[illegible]	03/00	[illegible]	-0.134	6.78	[illegible]	6.63
NETHERLANDS		8.500	03/01	[illegible]	[illegible]	8.78	8.69	8.55
SPAIN		11.900	07/96	99.6250	[illegible]	[illegible]	[illegible]	11.78
[illegible] GILTS		10.000	[illegible]	98-10	+08/32	10.41	10.51	10.33
		[illegible]	[illegible]	[illegible]	[illegible]	10.47	[illegible]	10.40
		[illegible]	[illegible]	[illegible]	[illegible]	10.15	[illegible]	10.10
[illegible]		8.000	05/01	98-08	-02/32	8.26	[illegible]	8.08
		8.125	05/21	96-18	-01/32	8.44	[illegible]	8.27

London closing. *[illegible] New York morning [illegible] Yields: Local market standard
Prices: US, UK in 32nds, [illegible] Technical Data/ATLAS Price Sources

Moody's may downgrade Japanese banks

By Emiko Terazono in Tokyo

THE credit ratings [illegible] Industrial [illegible] of Japan (IBJ) and Norinchukin Bank, the only remaining Japanese banks with Aaa ratings, have been placed under review for a possible downgrade by Moody's Investors Service, the US rating agency.

Long-term bonds worth $4.3bn for IBJ, a leading long-term credit bank, and $460m for Norinchukin, the central financial [illegible] of Japanese agricultural co-operatives, will be affected by the review.

Moody's said that financial deregulation [illegible] squeeze earnings of the [illegible] IBJ's [illegible] from [illegible] wholesale [illegible]ness could deteriorate, while entry into securities and trust businesses will not be enough to cover such losses.

The rating agency said that IBJ's [illegible] quality, [illegible] in its high loans to the real estate business, was expected to deteriorate further in the coming years.

[illegible] said that Norinchukin's credit [illegible] which are also to likely to face declines [illegible] competitiveness under changes in the financial system, will be reviewed.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8.10 pm on July 2

[illegible]	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	150	101¼	102	-¼	7.85	BAYERISCHE VEREINS INT 7 94 LFr	600	94¼	95¼		9.24
[illegible] PROVINC[illegible]	600	103¼	103½		8.46	KREDIETCORP 7 93 LFr	1000	96	97		9.16
[illegible] 1/2 00	400	98	98½	-¼	8.83	WORLD BANK 8 96 LFr	1000	97¼	98½	+1¼	8.64
BANK OF TOKYO 8 3/8 96	100	98¼	99¼		8.72	AMRO BANK 6 1/4 92 Fl	150	96¼	97¼		[illegible]
BELGIUM 9 1/8 92	400	101¼	102¼	-¼	7.62	RABOBANK 5 3/4 93 Fl	150	94¼	95¼		[illegible]
BFCE 7 3/4 97	150	97¼	98¼	+¼	8.22	ALBERTA PROVINCE 10 92 C$	500	100¼	[illegible]		[illegible]
BNP 8 5/8 96	300	101¼	[illegible]	-¼	8.09	BCE INC 9 5/8 93 C$	300	99	[illegible]	+¼	10.21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate ([illegible]) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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Telecoms provide a focus for investors

By Sara Webb

INTERNATIONAL equity markets are focusing on the telecom industry [illegible] Telecom New Zealand follows STET, the Italian state-controlled telecommunications holding company, in widening its share ownership.

Telecom New Zealand's international share offering has been heavily oversubscribed, according to two large securities houses, so the share offering may be increased from $465m to as much as $600m.

Ameritech and Bell Atlantic, two of the big US regional telephone companies which currently own Telecom New Zealand, are reducing their combined shareholding to 81 per cent by offering 420m shares. The shares are worth up to $485m, making this the biggest offering by a New Zealand-based company.

The owners will offer 140m shares in New Zealand, 140m shares (equivalent to 7m American Depository Shares) in North America and 140m shares (7m ADSs) internationally. The issue will be priced around July 15 and the expected price range is NZ$1.80 to NZ$2.00 per share, or US$21 to US$23.3 per ADS.

The New Zealand government requires Ameritech and Bell Atlantic to reduce their holdings to 49.9 per cent or less by September 1993. It has been suggested that strong demand may encourage the owners to reduce their holdings further at this stage and increase the number of shares sold.

Goldman Sachs is the lead manager, and Merrill Lynch and Salomon Brothers are co-leads for the North American and international offerings. The issue will be listed on the New York Stock Exchange.

According to one securities house, demand for Telecom New Zealand is running ahead of that for STET, which is due to be priced next week. The two issues are likely to appeal to two completely different sets of investors: [illegible]com New [illegible] is aimed at Pacific Rim fund managers – some [illegible] whom are disillusioned with Japan and the Asian emerging markets at the moment – STET is aimed at European fund mangers.

Elsewhere in the international equities markets, Singer, the leading manufacturer of consumer sewing machines and seller of consumer appliances, is seeking a New York Stock Exchange listing and a wider share ownership, partly through the issue of new shares.

Investors will be offered 15.6m common shares worth between $250m and $296m in Singer. The Singer Company NV, a Netherlands Antilles company, is selling 7m new shares, while 8.6m shares are being sold by Semi-Tech, a Hong Kong listed company which will retain 68.5 per cent (34m) of the common shares in Singer.

US investors will be offered 11.7m [illegible] while, 3.9m shares will be offered internationally at between [illegible] and $19 [illegible] share. The [illegible] raised will be used to repay certain acquisition-related and short-term debt.

Merrill Lynch, lead manager for the issue, said pricing will take place around July 22. The issue is expected to appeal to a range of investors, including US institutions, international institutional investors with North American funds, Far [illegible] familiar with Semi-Tech, and a [illegible] retail investors.

Yukong Oil, the South Korean oil company, will launch a $75m issue of bonds with warrants next week, the first such deal in over a year. Barings and Daewoo are joint lead managers and the deal will be aimed at international investors.

INTERNATIONAL EQUITIES

WALES

The FT proposes to publish this survey on 16 September, 1991.

It will be of particular interest to the 130,000 directors and managers in the UK who read the FT. If you want to reach this important audience, call: Clive Radford on 0272 [illegible] Fax 0272 225974 or write to him at Merchants House, Wapping Road, Bristol BS1 [illegible]

Data source: BMRC Businessman Survey 1990

FT SURVEYS

INTERNATIONAL CAPITAL MARKETS

Japanese warrant issues provide a strong test

By Simon London

JAPANESE companies launched $850m equivalent of warrant bonds in the international bond market yesterday – the opening round in what promises to be the sternest test for the market since it reopened one year ago.

Excluding yesterday's eight new issues, around $3.5bn of new warrant bonds are due to be launched this month. Bond syndicate managers said that the prospects for the deals hinge on the performance of the Tokyo stock market.

Overnight in Tokyo yesterday, the Nikkei stock market average fell by 113 points. This suggests that the 800-point rally following the Bank of Japan's decision to shave half a percentage point from interest rates on Monday has not been sustained.

However, most of the deals launched yesterday saw firm demand from investors. The best performance was from a $190m four-year transaction for Naigai, a clothing manufacturer, lead managed by Nikko Securities. The deal traded up to 103 bid from an issue price of par.

Other deals fell below issue price, suggesting that investors are choosing more carefully between the deals on offer.

Elsewhere, Pemex, the state-owned Mexican oil company, launched its anticipated Ecu-denominated bond issue – a Ecu75m three-year transaction, lead managed by Paribas Capital Markets.

The deals carries a coupon of 11½ per cent and was issued at 100.05, where the yield is 11.475 per cent. The yield is substantially higher than any other issue in the Ecu sector. For example, a recent three-year issue by Asea Brown Boveri, the Swiss-Swedish industrial group, was yesterday yielding 9.48 per cent in the secondary market.

The lead manager said that the high yield attracted interest from European fund managers, many with an interest in emerging markets. The bonds traded at around 99.95 bid, well inside full fees of 1.375 per cent.

Next week, Petrobas, the Brazilian [illegible] oil company, is expected to lead the return of Brazilian borrowers to the international bond market with a $100m two-year E[illegible] dollar [illegible] lead managed by Chase Investment Bank, at a yield of around 13.5 per cent.

In the Eurosterling sector, [illegible] African Development Bank made a £100m 10-year debut issue, [illegible] by [illegible] Securities. With a coupon of 11¼ per cent and an issue price of 99.63, the bonds offer a yield spread of 49 basis points over the 10 per cent UK government bond maturing 2001.

At this level the bonds offer a yield pick up of around 7 basis points over comparable issues by the Asian Development Bank. At the long end of the market, where both development [illegible] have [illegible]erling domestic [illegible] outstanding, African Development Bank bonds trade [illegible] a 30 basis point premium to those issued by its Asian counterpart. However, participants in the deal reported firm demand, led by UK institutional investors.

The Australian Trade Commission launched the first Australian dollar issue since June 3, raising [illegible] in a [illegible] lead managed by Fay, [illegible].

A [illegible] political upheaval and some aggressively priced [illegible] in [illegible] effectively [illegible] to new [illegible].

Yesterday's issue was guaranteed by the Australian government, and priced against the Commonwealth's four-year [illegible] benchmark [illegible] issue. The bonds were issued [illegible] full [illegible] 1¼ per [illegible] yield [illegible] per cent, a yield pick up of around 50 basis points over the domestic issue.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Japan Steel Works(a)♦	150	4	100	1995	2¼/1½	Nomura Int.
Keiyo Co.(a)♦	100	4	100	1995	2¼/1½	Yamaichi Int.
Toshiba Eng.& Constr.(a)♦	100	5	100	1996	2¼/1½	Nomura Int.
Sumitomo Rubber Ind.(a)♦	100	5	100	1996	2¼/1½	Daiwa Europe
Tejjin Seiki Co.(a)♦	100	5	100	1996	2¼/1½	Daiwa Europe
Naigai Co.(a)♦	100	4	100	1995	2¼/1½	Nikko Secs.
STERLING						
African Devt.Bank(a)†	100	11¼	99.63	2001	[illegible]	[illegible] Bros.
ECUs						
Petroleos Mexicanos(a)†	75	11½	100.05	1994	1⅛/⅞	[illegible] Cap.Mkts.
CANADIAN DOLLARS						
Oesterreichische K'bk(f)†	100	10	[illegible]	[illegible]	1⅞/0.10	IBJ Int.
AUSTRALIAN DOLLARS						
Australian Trade Comm.(a)†	50	11⅛	101.60	1995	1⅜/1½	Fay [illegible]
D-MARKS						
JE Carib Acc(a)†	82.2	8½	101⅛	1995	1⅜/1⅛	[illegible] Bk [illegible]
SWISS FRANCS						
San-ai Oil Co.(b)**§	100	4	100	1995	-	Credit Suisse
JAMCO Corp(c)**§	80	5	100	1995	-	New Japan Secs.(Switz)
Nishio Rent All Co.(d)**§	55	4	100	1995	-	UBS
Banque Leu (Lux.)(e)†	(e)	(e)	100	1992	-	Bank Leu

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Put option 31/3/94 at 105⅞% to yield 6.073%. c) Full name of borrower - New Japan Aircraft Maintenance Co. Non-callable. d) Put option 31/3/94 at 107¼% to yield 8.516%. e) Amount, up to SFr50m. Issue linked to Standard & Poor's 500 Share Index. Guaranteed minimum coupon of 4%. f) Fungible with existing C$150m deal. Non-callable.

Montreal fails to attract the 'early bird'

By [illegible] Simon in Toronto

THE Montreal Stock Exchange, [illegible] an "early bird" trading session on June 13, [illegible] having much luck. It [illegible] its opening from 9.30am to 8.15am but only 13 trades, totalling 214,000 shares, have been crossed in the early sessions in the past three weeks.

Almost all of them were done in the first four days of the experiment, and most sessions have passed without a single trade taking place.

An official of the exchange acknowledged yesterday that the response has been disappointing. But he said the experiment will continue for at least another few months.

The poor trading volumes are ascribed partly to the normal summer doldrums and to various public holidays in the US and Canada.

But the rule that all orders during the early session are executed at the previous day's closing prices may be the largest disincentive.

Mr Pierre Rolland, vice-president for trading [illegible] Nesbitt Thomson, a Canadian securities firm, [illegible] the exchange [illegible] proceed "[illegible] by step," [illegible] had not opted for setting new prices in [illegible] early morning session.

However, Mr Rolland [illegible] early morning trading, [illegible] take [illegible] of overnight developments in Japan and Europe, will eventually be more popular than [illegible] afternoon [illegible].

The early [illegible] was [illegible] in response to [illegible] New York [illegible] Exchange's decision to extend its trading hours for 75 minutes in the afternoon. In particular, it hoped to attract interest from Europe in Canadian stocks and to get a head start on its main competitor, the Toronto Stock Exchange.

Both Montreal and Toronto have also followed New York's extended afternoon session. The Montreal exchange has 954 listings and accounts for about 12 per cent of the trading volume on Canada's four stock exchanges.

Banks fall in with Basle accord

The agreement has had a widespread impact, writes David Lascelles

BASLE accord on bank capital – is it a blessing or a curse?

The question has been a live one in recent months as people have tried to blame the three-year-old agreement for [illegible] credit crunch, or [illegible] encouraging [illegible] to take [illegible] greater risks [illegible] they [illegible] already. The [illegible] a common capital regime for all the world's leading banks, but has also been criticised for being too tough.

The man most closely associated with it, Mr Peter Cooke, formerly of the Bank of England, has now carried out the first significant stocktaking. In his new role as chairman of the [illegible] Regulatory Advisory Practice [illegible] Price Waterhouse, the accountancy firm, he publishes a report* today which suggests that it has had a widespread impact.

Half the banks surveyed by PW have already had to raise extra capital to meet the new rules, and one in three has had to change its asset portfolio. Over a third of the banks said that the requirements "pose a significant obstacle to the growth of their balance sheet".

The effect of these pressures, however, is that virtually all the world's leading banks expect to achieve the accord's 8 per cent target capital ratio by the full implementation date at the end of 1992. Only three of the banks survey by PW

Peter Cooke: countries vary in [illegible]

(which it does not name) had not reached the [illegible] of 7.25 per cent at the end of last year.

[illegible] Mr [illegible] in implementation [illegible] by individual countries, and [illegible] was causing concern. Many banks, particularly in Europe, felt they were being put [illegible] disadvantage [illegible] of [illegible] own national supervisors' more stringent interpretation of the rules. In the UK, as many as two-thirds of the banks were dissatisfied.

By contrast, US and Japanese banks were less worried. However, the report confirms the widespread view [illegible] on the traditionally undercapitalised Japanese banks. It says "some Japanese banks may be under some pressure to reach or maintain" the minimum ratios, and their balance sheet growth was being constrained in all cases.

One of the main effects of the accord has been to change the way banks manage themselves, and their business preferences. The study found a clear shift by banks towards "off balance sheet" business, which requires less capital, and towards fee-earning services.

Overall, the accord does not appear to have had as marked an impact on banking profitability as was predicted. Although higher capital requirements mean higher costs for banks, a number of bankers told PW that their competitive position had been strengthened by having a higher capital ratio, and this gave them an edge in raising new capital and exploiting new markets.

As for the criticisms that have been made of the accord, Mr Cooke says the study produced no evidence of banks deliberately trying to take on board unacceptably higher risks in order to offset their higher capital costs, although some admitted [illegible] pushing them in [illegible] direction. These were mainly smaller and less well established institutions.

He also doubts that tougher capital rules are causing a credit crunch, and he found no bankers who were calling for a relaxation of the accord to aid economic recovery. He says: "They all agree that it would be particularly undesirable and unfortunate if an international agreement painstakingly put together by so many countries were to fall apart at its first test."

There is a danger, of course, that Mr Cooke's opus will be seen as his attempt to justify his own work as former chairman of the [illegible] Committee. He agrees that it is vulnerable to this charge, but stresses that the study strives to be objective. "I do not want this to be seen as my last will and testament," he said.

In any case, the committee's work is still not complete. More rules may be needed to cover risks other than those in lending, for example in foreign exchange trading. And more countries and banks should be encouraged to take part in the debate to strengthen banking supervision, Mr Cooke says.

* *Bank Capital Adequacy and Capital Convergence, £120/$200. Available from Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Tel: 071-939 3000.*

Matif steps up trading war

By Tracy Corrigan

THE Matif, [illegible] French financial futures exchange, is advancing its plans to launch a futures contract on Italian government bonds, in a pre-emptive strike against its UK rival, the London International Financial Futures Exchange (Liffe).

The Matif said yesterday that its notional contract on Italian government bonds will start trading on September 5, before the launch of the new Liffe contract on September 19.

Both exchanges have now completed contract specifications. The Liffe contract will be based on a notional Italian government bond with a 12 per cent coupon, with delivery in any Buoni del Tesoro Poliennali (BTP) with eight to 10½ years still to run, cleared through the domestic Italian system, Stanza di Compensazione Titoli. The Matif contract will be based on a six to 10 year notional bond with a 10 per cent coupon.

Both Liffe and the Matif have offered to co-operate with the Italian authorities when they come to start their own futures exchange.

Meanwhile, Liffe starts with a competitive advantage, because a high proportion of international trading in Italian [illegible] place in London. Total turnover in BTPs is estimated to be in the region of L4,000bn daily, with around 40 per [illegible] through London dealers.

Until recently, the market was largely domestic, but the Italian authorities started to issue longer dated debt earlier this year, which, coupled with changes to withholding tax, has fuelled international interest.

● The Matif announced plans to launch its futures contract on the Eurotop 100 index, made up of shares in 100 European countries, in mid-October. The Matif was originally expected to start trading the contract earlier this year at the same time as Soffex in Switzerland and [illegible] European Options Exchange in Amsterdam.

[illegible] Matif [illegible] said that Globex, the global electronic transaction system, will deliver a trading system to the Matif for testing next July.

Manny Hanny has new MD

MANUFACTURERS Hanover Trust, part of the Manufacturers Hanover US banking group, has announced that Mr Robert Kretowicz has joined the bank as managing director in charge of mergers and acquisitions for Europe, Reuter reports from New York.

Before accepting the appointment Mr Kretowicz was co-head of mergers and acquisitions in the London office [illegible] Salomon Brothers. In his new position, he will continue to be [illegible] in London [illegible] will report to the corporate finance group at Manufacturers Hanover in New York.

[illegible] Hanover recently announced a reorganisation of [illegible] European operations [illegible] part of plans to shed 1,400 jobs worldwide.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Jul 2 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Jul 1 Index No.	Fri Jun 28 Index No.	Thu Jun 27 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	803.77	+0.3	10.99	6.01	11.20	18.16	801.09	795.27	807.25	897.43
2	Building Materials (24)	1020.47	+0.7	10.10	6.11	12.37	30.46	1013.61	1012.27	1027.19	1141.48
3	Contracting, Construction (31)	1164.19	+0.4	9.85	6.75	13.36	31.87	1159.27	1153.67	1164.33	1457.54
4	Electricals (10)	2269.22	+0.4	11.57	5.90	11.00	61.85	2259.69	2260.08	2293.76	2515.45
5	Electronics (25)	1720.36	-0.6	9.03	5.23	14.73	10.13	1731.37	1704.67	1725.53	1852.66
6	Engineering-Aerospace (8)	415.23	-0.1	16.49	6.04	7.28	10.83	415.84	417.54	422.36	474.52
7	Engineering-General (46)	437.53	+0.5	12.60	5.83	9.67	9.92	435.43	434.64	437.35	496.98
8	Metals and Metal Forming (8)	431.07	+0.3	16.31	8.19	7.52	3.82	429.93	421.30	436.43	495.64
9	Motors (12)	316.17	......	12.50	7.65	9.44	9.98	316.10	313.92	318.08	375.69
10	Other Industrial Materials (20)	1499.29	+0.6	9.36	5.35	12.58	34.85	1489.73	1471.54	1499.81	1611.53
21	CONSUMER GROUP (187)	1440.92	+0.5	8.20	3.77	15.00	22.68	1433.55	1416.27	1437.76	1319.07
22	Brewers and Distillers (22)	1759.30	+0.1	8.76	3.77	13.92	27.45	1758.21	1736.42	1759.54	1623.32
25	Food Manufacturing (19)	1163.29	+1.1	9.89	4.25	12.48	23.29	1151.08	1143.68	1149.68	1119.26
26	Food Retailing (17)	2603.44	+0.5	8.46	3.22	15.48	39.61	2591.75	2563.42	2598.19	2551.37
27	Health and Household (22)	3522.53	+0.9	5.43	2.44	21.02	30.21	3492.83	3422.02	3494.50	2597.01
29	Hotels and Leisure (23)	1214.54	-0.7	10.80	5.71	11.00	23.89	1222.50	[illegible]	1245.91	1515.34
30	Media (26)	1367.68	+0.5	9.40	5.15	13.50	29.60	1361.53	[illegible]	1374.11	0.00
31	Packaging, Paper & Printing (17)	682.79	+0.9	8.24	4.83	14.64	14.33	676.60	[illegible]	669.70	607.79
34	Stores (32)	872.99	+0.7	8.85	4.15	14.78	16.28	866.78	855.23	871.98	803.60
35	Textiles (9)	525.92	-1.1	9.93	5.89	12.39	13.79	531.97	533.04	534.87	511.55
40	OTHER GROUPS (109)	1201.38	+0.7	10.31	5.34	11.93	21.16	1192.71	1185.52	1197.48	1207.23
41	Business Services (12)	1231.05	+0.1	9.40	5.29	13.00	29.13	1229.26	1235.83	1245.57	0.00
42	Chemicals (21)	1369.96	+0.2	8.17	5.26	13.80	32.35	1367.47	1357.40	1371.75	1287.12
43	Conglomerates (10)	1411.33	+1.5	10.80	7.35	11.18	31.93	1390.58	1380.01	1400.63	1669.67
44	Transport (13)	2160.09	+0.1	8.51	4.88	14.63	46.60	2158.15	[illegible].54	2168.92	2312.52
45	Electricity (16)	1165.57	+0.3	14.04	5.57	9.03	0.00	1161.93	1162.74	1168.21	0.00
46	Telephone Networks (4)	1422.88	+0.6	10.44	4.28	12.53	5.58	1414.63	1385.83	1396.37	1267.06
47	Water (10)	2206.41	+2.1	18.73	6.98	5.90	118.37	2160.97	2238.88	2262.87	1956.75
48	Miscellaneous (23)	1953.90	+1.2	6.14	4.94	20.91	47.71	1930.20	1916.58	1949.82	1823.17
49	INDUSTRIAL GROUP (480)	1209.97	+0.5	9.43	4.72	13.05	21.39	1203.38	1192.34	1208.43	1191.68
51	Oil & Gas (20)	2395.27	+0.9	11.33	5.71	11.61	50.59	2372.90	2345.29	2350.82	2297.91
59	500 SHARE INDEX (500)	1309.99	+0.6	9.67	4.85	12.84	23.79	1302.18	1289.83	1305.37	1284.96
61	FINANCIAL GROUP (94)	767.33	+0.6	-	6.21	-	20.71	762.60	756.37	773.05	803.35
62	Banks (9)	857.57	+1.1	6.99	6.46	21.65	22.63	848.18	836.01	866.00	830.95
65	Insurance (Life) (7)	1437.46	+1.0	-	5.76	-	41.64	1422.62	1417.40	1438.99	1483.59
66	Insurance (Composite) (6)	656.28	+0.3	-	6.67	-	20.23	654.26	644.16	661.17	707.45
67	Insurance (Brokers) (8)	1127.40	-0.7	6.92	6.01	18.73	29.60	1134.88	1123.96	1129.47	1016.66
68	Merchant Banks (7)	416.16	+0.4	-	5.04	-	11.00	414.67	414.18	413.89	438.87
69	Property (37)	884.30	-0.1	6.96	5.39	19.91	19.29	884.83	890.76	893.47	1113.20
70	Other Financial (20)	258.73	+0.1	[illegible]	[illegible]	11.38	7.80	258.56	260.82	261.79	293.02
71	Investment Trusts (70)	1185.41	+0.5	-	3.56	-	19.23	1179.20	1164.00	1177.14	1222.50
99	ALL-SHARE INDEX (664)	1179.25	+0.6	-	4.99	-	22.74	1172.21	1161.19	1176.68	1169.35

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 1	Jun 28	Jun 27	Jun 26	Jun 25	Year ago
FT-SE 100 SHARE INDEX♦	2460.2	+16.6	2460.4	2444.4	2443.6	2414.8	2402.5	2437.3	2461.2	2371.7

FIXED INTEREST

	PRICE INDICES	Tue Jul 2	Day's change %	Mon Jul 1	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.79	+0.02	120.77	1.77	6.06
2	5-15 years (27)	129.79	+0.12	129.64	2.36	6.73
3	Over 15 years (9)	136.12	+0.15	135.92	2.06	6.44
4	Irredeemables (6)	148.58	+0.21	148.26	1.29	7.34
5	All stocks (71)	129.12	+0.09	129.01	2.14	6.57
	Index-Linked					
6	Up to 5 years (1)	158.82	......	158.81	0.45	2.72
7	Over 5 years (10)	145.11	+0.06	145.03	0.75	2.22
8	All stocks (11)	146.07	+0.06	145.98	0.74	2.23
9	Debs & Loans (56)	107.85	+0.06	107.78	2.22	5.18

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jul 2	Mon Jul 1	Year ago (approx.)
	British Government				
1	Low	5 years	9.12	9.17	10.73
2	Coupons	15 years	10.08	10.09	10.73
3	(0%-7¾%)	20 years	10.08	10.09	10.73
4	Medium	5 years	10.46	10.46	12.02
5	Coupons	15 years	10.30	10.32	11.26
6	(8%-10¾%)	20 years	10.21	10.23	11.06
7	High	5 years	10.63	10.64	12.11
8	Coupons	15 years	10.46	10.48	11.50
9	(11%-)	20 years	10.34	10.35	11.30
10	Irredeemables		10.28	10.30	10.75
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.47	4.46	5.35
12	Inflation rate 5%	Over 5 yrs.	4.35	4.35	4.24
13	[illegible] rate 10%	Up to 5 yrs.	3.56	3.55	4.27
14	Inflation rate 10%	Over 5 yrs.	4.16	4.16	4.06
15	Debs &	5 years	12.09	12.08	13.93
16	Loans	15 years	11.88	11.88	12.79
17		25 years	11.67	11.68	12.47

♦Opening index 2455.2; 9 am 2451.0; 10 am 2445.1; 11 am 2448.1; Noon 2452.1; 1 pm [illegible]; 2 pm 2452.8; [illegible] 2453.3; 3 pm [illegible]; 4.10 pm 2460.2; (a) 4.11pm (b) [illegible]45am † Flat yield. Highs and lows record, base dates, [illegible] and constituent [illegible] are published in Saturday issues. [illegible] of [illegible]uents is available from the Publishers, The Financial Times, [illegible] One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used [illegible] construction of these indices. These are available by subscription from FINSTAT, 071-925 2323. NAME CHANGE: Systems Reliability [illegible] is now Enterprise Computer Holdings.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	50	13	21
Corporations, Dominion and Foreign Bonds	5	1	14
Industrials	251	246	1,020
[illegible] and Properties	148	96	496
Oils	20	13	56
Plantations	0	1	9
Mines	71	8	82
Others	62	23	81
Totals	607	401	1,779

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	107	101	Abtrust Preferred Inc.Tst.	102		[illegible]12.32	–	[illegible]	–
$102	F.P.	–	106½	104	Do. Zero Div. Prf.	106½		–	–	–	–
–	F.P.	–	41	10	Aegis Warrants 5p	41		–	–	–	–
‡	F.P.	–	185	185	Brockhampton 10p	185		–	–	–	–
‡	F.P.	–	33	33	Do. A Warrants 10p	33		–	–	–	–
‡	F.P.	–	145	140	Do. Non/Vtg. A 10p	145		–	–	–	–
100	F.P.	–	102	97	City Merchants High Yld	98		107.5	–	10.2	–
–	F.P.	–	½	¼	Gaelic Res. Wrrnts.	½		–	–	–	–
‡	F.P.	–	41	27	Globe Petroleum	38		–	–	–	–
Ir230	F.P.	–	245	285	Greencore Ir£1	213		[illegible]	5.9	1.9	9.8
305	F.P.	–	335	272	Manchester United 10p	292		–	–	–	–
‡	F.P.	–	908	691	Manpower Inc. 1c	851		–	–	–	–

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

[illegible] Forecast or estimated annualised dividend rate, cover based on previous [illegible] earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend [illegible] based on prospectus or other official estimates for 1991. L Estimated annualised dividend, [illegible] and p/e based on latest annual earnings. M Dividend and yield based on prospectus or [illegible] for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. [illegible] based on prospectus or other official estimates. W Pro Forma figures. [illegible] Offered to holders of [illegible] as a "rights". † Introduction. § Placing price. [illegible] Reintroduction. [illegible] Unlisted securities market. [illegible] takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings June 24
■ Last Dealings July 5
♦ Last Declarations Sept. 26
■ For settlement Oct. 7

For rate indications see end of [illegible]

Calls in Aviva Pet., BTR warrants '93/94, Cityvision, First Tech., Lincoln House, Oliver Res., Queens Moat Houses, Real Time Control and Tasker Res. Put and call in Amstrad and ICL.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

Link-up with Enron for development of generation project

Eastern Electricity hits £130.6m

By Clare Pearson

EASTERN Electricity yesterday reported pre-tax profits of £130[illegible] for the year to end-March, an improvement of £18.2m on the forecast made at the time of last [illegible] flotation.

Eastern also announced that it had signed heads of agreement with Enron Corporation, the US energy company, for a new 380MW generation project at Lawford, on the Essex and Suffolk border.

If the plan goes ahead, it would mark the third independent generation project being pursued by Eastern, the biggest of the 12 regional electricity companies, which is keen to invest in the field.

It [illegible] worth about £200m.

Mr James Smith, chairman, said yesterday: "We do not envisage becoming National Power, but we do see a part of our profits coming from good generation projects."

Eastern is also involved in a project at Peterborough and in the Coryton scheme, concerning which writs have recently been issued against British Gas over [illegible] failure [illegible] gas supply contracts.

Mr Smith said he hoped the Coryton supply contracts, put in place before British Gas [illegible] its prices in March, could be reinstated without legal action.

The company also has contracts to buy electricity from Nuclear Electric and Scottish Hydro-Electric.

Referring to the results, Mr Smith said £14m of the profits overperformance [illegible] from purchase costs turning out to be lower than expected.

The other main contributor [illegible] a higher-than-expected increase of 3.1 per cent in units distributed, taking out [illegible] contribution from [illegible] time inclusion of British Rail units.

Capital expenditure [illegible] £110m, down from a forecast of £144m. Year-end gearing was 38 per cent, against 42 per cent forecast.

Contracting and retailing accounted for a [illegible] loss of £1.1m.

James Smith: profits £18m ahead of forecast

Mr Smith said in both cases this was mainly owing to bad [illegible] provisions.

Turnover rose to £1.72bn (£1.62bn). The 10.12p dividend [illegible] as [illegible].

On a pro forma basis, assuming the post-privatisation capital structure had been in place for a full year, earnings per share were 29.8p.

● COMMENT

Eastern has had some people worried that it might branch out into areas such as nuclear [illegible] and telecommunications. Though it said yesterday it had no plans to invest in the former and was "very cautious" on the latter, concerns about its strategy remain. Possibly because of that, the City takes a dimmer view of its ambitions in independent generation and its keenness to become a player in the competitive part of the supply market than it does in other cases. Yesterday, there was nothing to dazzle in its report on the dominant distribution business either: other [illegible] have shown more surprising growth in units distributed. This year it should make about £150m pre-tax, so the shares trade on a prospective yield of nearly 7 per cent, at the upper-end for the sector: a measure of its underperformance, since it floated on the joint [illegible] yield.

Yorkshire Electricity exceeds flotation forecast with 16% advance to £134.6m

By Clare Pearson

YORKSHIRE Electricity yesterday announced pre-tax profits of £134.6m for the year to end-March, 16 per cent higher than it forecast in the prospectus for its flotation last autumn.

[illegible] James Porteous, chairman, said the result underlined the [illegible] Yorkshire's customer base – more than half of which is industrial – to the economic downturn. He said the underlying trend in [illegible] volumes was "very encouraging."

Units distributed rose by a higher-than-expected 2 per cent, and that [illegible] for the bulk of the profits outperformance compared with the prospectus.

Turnover was £1.24bn compared with [illegible] while [illegible] costs were broadly as predicted at £223.8m. The dividend is in line with the prospectus at 10.81p.

On the [illegible] supply [illegible], where [illegible] and regional companies can compete to supply customers with a requirement of more than one megawatt, Yorkshire said it had gained new business in the territories of all the other 11 regional electricity companies. However, it had also lost customers in its own area, chiefly to the generating companies.

James Porteous: directors' pay to be revealed at AGM

Acknowledging that the company had been described as "aggressive" on supply, Mr Porteous yesterday denied that "in any single case have we bid for business at a loss."

Yorkshire said [illegible] still negotiating with potential other [illegible] in [illegible] £130m project [illegible] an independent power station at Brigg, Humberside, in which it now expected to take a majority stake.

Capital expenditure was 10 per cent lower than forecast at £76.2m with some rescheduling of projects. Gearing at 22 per cent was below forecast.

Like Eastern, which also reported yesterday, Yorkshire refused to reveal what pay rises directors had received. However, Mr Porteous admitted [illegible] increases would be announced at the annual meeting "when they could discussed with shareholders".

■ COMMENT

A keen, if not aggressive, pursuit of supply customers does not necessarily win a Rec plaudits in the City because it is a risky business. However, the [illegible] depend on where you start from and Yorkshire [illegible] argued forcefully [illegible] expects margins to improve over time and that its strong industrial basis gives it a competitive edge in designing [illegible] tions for various types of customers. It helps that [illegible] management has long been among the most admired among the Recs. On the dominant distribution side, the rise in unit sales last year was seen as good news yesterday. Pre-tax profits next year should be about £139m so the [illegible] yield is about 6.5 per cent.

NHL sheds jobs as it moves [illegible] cut costs

By David Barchard

NATIONAL HOME Loans, the mortgage and consumer finance company, has shed 20 jobs and is to merge its housing finance and consumer loans divisions in an effort to cut costs.

Mr Kevin Milner, chief executive, confirmed that more job losses were on the way, but declined to comment on reports that they would run to three figures.

"They will be across the board, but I [illegible] yet decided how far they will go," he said. "We are trimming our costs."

At the same time NHL, which reported a sharp fall in profits from £15m to £10m in the first half of the year, had combined its mortgage business and consumer finance activities. The new operation would be run by Mr Chris Slay. Mr Ian Muat, the director of consumer finance, has left the company.

Mr Milner claimed the group's margins had improved, but analysts said yesterday they were downgrading their profits forecast for the remainder of the year. They said NHL's performance in the second half would continue to be weak.

NHL had been hit by the depression in the housing market but its last results also included a £8.5m loss on a mortgage fraud. Last year the group was shaken by a boardroom upheaval which led to the abrupt resignation of Mr Richard Lacy, its founder and chief executive.

Mercury Callpoint blames [illegible] competition for failure

By Paul Abrahams

MERCURY Callpoint is winding down its operations, dealing another blow to the telepoint industry, whose technology was designed to offer a lighter, cheaper and more reliable mobile telephone service than cellular.

The company, one of four telepoint [illegible] licensed by the UK government, [illegible] competition and the poor state [illegible] the economy had contributed to the decision.

Mercury Callpoint, which [illegible] be [illegible] market leader, is jointly owned by Cable and Wireless, Motorola and Shaye Communications.

Mercury Communications, the Cable and Wireless subsidiary, and Motorola will be concentrating their efforts on Personal Communication Networks, a further generation of mobile communications.

The decision follows a failed merger last year with Byps, another telepoint operator, then owned by Barclays Bank, Philips and Shell. The deal was called off after the groups failed to agree terms.

Byps has since been sold to Hutchinson Telecommunications, a subsidiary of Hutchinson Whampoa, the Hong Kong-based group.

Mr Derek Arnold, chief executive of Callpoint, blamed the government for licensing too many consortia. He agreed telepoint had been poorly marketed, but argued that had not been decisive. When telepoint was launched in Britain in 1989, the industry forecast 3.6m customers by 1995 and 13m by the end of the century. At present there are fewer than 10,000.

Meanwhile Ferranti, the UK electronics group, said it had found a buyer for Ferranti Creditphone which owns 64 per cent of the telepoint company Zonephone. It said its telepoint business should be sold within 10 days, but refused to identify the buyer. The fourth telepoint operator is BT's Phonepoint.

Mr Arnold at Callpoint refused to say whether [illegible] company would be selling [illegible] 2,500 [illegible] stations. The company has almost 4,000 customers, but halted marketing until a new generation of equipment, known as CT2, had been installed. This would have allowed customers to make calls using other telepoint operators' base stations. The group planned to invest about £70m over a five-year period to 1995.

Mercury Callpoint employs [illegible] to Cable and Wireless, they will be interviewed [illegible] potential employment with the parent companies.

Buoyant defence at SD-Scicon

By Alan Cane

[illegible] latest [illegible] document [illegible] first half pre-tax profits "significantly" [illegible] of [illegible] already promised, and a powerful expression of [illegible] in its performance [illegible] full [illegible]

The group – a UK computing [illegible] company which lost £20m last [illegible] in provisions for troubled fixed price contracts – is fighting hostile bids from Cray Electronics [illegible] the UK and Electronic Data Systems of the US.

Cray has so far attracted acceptances in respect of only [illegible] of SD-Scicon's stock, but it [illegible] offer, equivalent to 41.8p per share, until July 15.

The EDS cash offer is worth 45p per share.

Mr John Jackson, SD-Scicon's chairman, has rejected the EDS offer as inadequate on the grounds that the company is staging a sound return to profitability.

"Trading in May and June has provided further powerful evidence of our profit recovery," he says in the defence document. "We now estimate that profit before tax for the first half of 1991 was significantly more than the £4.5m forecast as a minimum in our last defence document."

Analysts are assuming this means first half pre-tax profits of about £5m.

But there is, however, scepticism among analysts about the depth of SD-Scicon's recovery.

They point out that even the best managed computing services companies – such as Hoskyns, for example, – are finding their profitability affected by some of the worst trading conditions the industry has seen.

Farepak ahead [illegible] £3.7m

FAREPAK, whose business covers mail order, travel, and food processing, reported a 27 per [illegible] in pre-tax profit for the year to April 30.

[illegible] compared with £2.91m in 1989-90, and came on turnover ahead 46 per [illegible] from £31.9m to £46.5m.

Mr Bob Johnson, [illegible], said the mail order business achieved a significant increase in the number [illegible] agents. From [illegible] £23.1m it made operating profits of £2.28m.

The travel side produced £80,000 from turnover [illegible] £5m.

Food processing was performing well. Turnover [illegible] to £18.3m and profit to £500,000, with Tranfoods contributing £230,000 and covering its [illegible] costs [illegible] first six months of ownership.

Group earnings came to [illegible] (17p) and the final dividend [illegible] 5.44p for a total of 7.74p [illegible]. It [illegible] proposed to split the 20p shares, which trade on the USM, into [illegible].

DIVIDENDS ANNOUNCED

	[illegible] payment	[illegible] payment	[illegible] - ponding dividend	Total for year	Total last year
Colorvision ....int	2.6†	Aug 22	2.5	-	5.6
Crest Nicholson ......int	nil	-	[illegible]	-	7.65
Eastern Electric.......fin	10.12	Oct 9	-	[illegible]	-
Evans of Leeds ....fin	2.56	Aug 23	[illegible]	[illegible]	3.4*
Farepak [illegible] ....fin	[illegible]	[illegible] 1	4.05	7.74	5.95
GEC ....fin	[illegible]	Oct 1	[illegible]	9.25	9.25
[illegible]	7.13	-	[illegible]	10.43	9.7
[illegible] & Staff [illegible] ......fin	3.3	Aug 14	3	3.3	[illegible]
Yorks Electric ....fin	10.81	Oct [illegible]	-	10.81	-

Dividends shown [illegible] share [illegible] except where otherwise stated. *Equivalent after [illegible] for scrip issue. †On [illegible] increased by [illegible] issues. §USM stock. [illegible] runs for [illegible] months. Intended to pay second interim of 3.1p for six months to September.

LEGAL NOTICE

ABTEX LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above company will be held at The Grand Hotel, Colmore Row, Birmingham on 19 July 1991 at 11.00 am for the purposes of having laid before it the report prepared by the Joint Administrative Receivers in accordance with the sled action and, if thought fit, appointing a Committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the company as a security held by him (unless that other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the meeting must lodge a written statement of their claims with us at Cork Gully, 43 Temple Row, Birmingham, B2 5JT no later than 12 noon on 18 July 1991. Forms of proxy, which, if intended to be used, must also be lodged with us by that time. (Faxed copies are not acceptable).

DATED this 24 June 1991
Ian N Carrothers
Joint Administrative Receiver

SILCOX ELECTRICAL LIMITED

Registered number: 1572401
Trading name:- Welsh Lighting Centre
Nature of business: Electrical Contractors and retailers
Date of appointment of joint administrative receivers: 18 June 1991
Name of person appointing the administrative receivers: Lloyds Bank Plc
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(office holder nos 056 and 285) of Cork Gully, Churchill House, Churchill Way, Cardiff, CF1 4XQ

COVER KENT LIMITED

Registered number: 996185
Nature of business: Roofing Contractor
Trade Classification: 23
Date of appointment of administrative receiver(s): 18 June 1991
Name of person appointing the administrative receivers(s): Midland Bank Plc
N J Vooght & J M Iredale
Joint Administrative Receivers (office holder no(s)Orchard House10 Albion Place MaidstoneKent ME14 5DZ

ORANGE HOLDINGS LIMITED (IN RECEIVERSHIP)ORANGE DISCOTHEQUE CENTRE LIMITED (IN RECEIVERSHIP)ORANGE RESTAURANTS LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986 that meetings of the unsecured creditors of the above named companies will be held at Cork Gully, 9 Greyfriars Road, Reading RG1 1JG on Tuesday, 9 July 1991 at 10.00 am, 10.15 am and 10.30 am respectively for the purpose of having laid before them a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meetings may, if it thinks fit, establish a committee to exercise the functions conferred on creditors committees by or under the Act.
(a) they have delivered to me at the address shown above, no later than 1200 hours on Monday 8 July 1991, written details of the debts they claim to be due to them [illegible] the companies, and the claim has been [illegible] admitted under the provisions [illegible] Rule 3.11 [illegible] the Insolvency Rules 1986; [illegible] there has been lodged with me any [illegible] which the creditor intends to be used on his behalf.Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photo-[illegible] including faxed copies) are not [illegible] J Vooght Joint Administrative [illegible]

Date: 28 June 1991

UK PANELS LIMITED

Registered number: 2158925
Nature of business: Panel Cutting and edge banding
Trade classification: Wood machining and joinery
Date of appointment of joint administrative receivers: 14 June 1991
Name of person appointing the administrative receivers: National Westminster Bank Plc
JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART
Joint Administrative Receivers
(office holder nos 056 and 285) of Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 9 July 1991

[illegible]. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 9 July 1991. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.

2. The ECU 1,000 million [illegible] Bills [illegible] by [illegible] will be [illegible] 11 July [illegible] will [illegible] in [illegible] following [illegible]

ECU 300 million [illegible] maturity on [illegible] August [illegible]*
ECU 300 million for maturity on [illegible] October 1991
ECU 400 million [illegible] maturity on [illegible] January [illegible]

3. All tenders must be made on the printed application forms available [illegible] request from the Bank of England.Completed application [illegible] lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, [illegible] 10.30 a.m., London time, on Tuesday, [illegible] July [illegible]. Payment for Bills allotted will be due on Thursday, 11 July 1991.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders [illegible] minimum must [illegible] multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount [illegible] for.

[illegible] Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 11 July 1991 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in [illegible] Information Memorandum on the UK Government ECU Treasury Bill programme [illegible] by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted [illegible]rectly to the Bank of England will be for maturity on 16 January 1992. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum [illegible] supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be [illegible] at [illegible] of England. [illegible] Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act [illegible] the Treasury Bills Regulations 1968 as amended.

*Participants are reminded that the 15 August Bill will be repaid at par on 16 August 1991, in accordance with the provisions of the In[illegible] Memorandum, since 15 August 1991 is an ECU non-clearing day (Assumption Day).

Bank of England
[illegible] July 1991

هكذا من الأصل

UK COMPANY NEWS

Effects of economic downturn cut 3i to £38m

By Charles Batchelor

INVESTORS in Industry (3i), a bellwether of Britain's enterprise economy, suffered a buffeting from the recession with a drop in net revenues and a sharp increase in the level of provisions in the year ended March 31 1991.

In spite of these setbacks, the value of shareholders' funds was maintained at £1.2bn and, according to Mr David Marlow, chief executive, the overall performance was "supportive" of its proposed stock market flotation.

The downturn in economic activity meant that fewer businesses were looking for expansion finance or funds to make acquisitions, with the result that 3i invested just £382m in 851 businesses compared with £597m in 1,026 businesses the year before. Of [redacted] investments £93m were outside the UK compared with [redacted] the year before.

Revenue before tax fell from £59.4m to [redacted] after a provision of £17m on 3i's discontinued property development business and reorganisation costs of £23m. The reorganisation has removed £11m of costs annually and reduced [redacted] workforce from 876 to 715.

The company presented [redacted] figures [redacted] the first [redacted] investment company format following the Inland [redacted] decision not to challenge a favourable ruling from the special tax commissioners.

Profits from sale of investments fell from a [redacted] £162m to £82m while provisions more than quadrupled, [redacted] £28m to £128m. Dividends from [redacted] share investments [redacted] unchanged at [redacted]

Five-year compound growth in [redacted] per share, the long-term measure by which 3i prefers to judge its performance, fell to 15 per cent from 21.1 per cent the year before.

This compared with [redacted] 6.2 per [redacted] in [redacted] tream Investment Trust Net Asset Index and an 8.1 per cent rise in the FT-A [redacted] Over the past [redacted] months, [redacted] ever, 3i underperformed the FT-A 500 index. 3i's net [redacted] were unchanged while the FT-A 500 again rose 8.1 per [redacted]

Mr Marlow described [redacted] performance [redacted] "very satisfactory indeed." [redacted] "The valuation of investments held up quite well. It is understandable that provisions were higher because we do not cherry pick our investments.

"Our advisers (Barings) believe this figure to be satisfactory. If a decision is made to float 3i at the end of the recession we believe these results would be supportive of that. Anybody can do well in good times. The acid test of a business is its defensive quality in a recession."

3i would be [redacted] largest quoted investment [redacted] specialising in [redacted] and development capital investments [redacted] market capitalisation [redacted] about £1.2bn.

It expects [redacted] list up [redacted] 40 per [redacted] of its shares depending on how [redacted] willing to sell, [redacted] Mr Ewen Macpherson, [redacted] director. NatWest [redacted] and Barclays Bank are not expected to sell their holdings of 22.49 and 18.45 per cent respectively.

3i proposes paying a final dividend of 7.13p taking the [redacted] to 10.43p (9.7p).

See Lex

Nadir in negotiations to sell Turkish newspaper

MR AHMET Ozal, the entrepreneur son of the Turkish President, is negotiating with Mr [redacted] Nadir, chairman of Polly Peck International, [redacted] collapsed electronics and [redacted] conglomerate, to buy Günaydin, one of his Turkish newspapers.

According to the Istanbul daily newspaper, Hürriyet, Mr Ozal, had talks with Mr Nadir last week in London about the possible purchase of the ailing paper.

Mr Ozal's existing business ventures include Magic Box, Turkey's first satellite television station, in which he is one of the main shareholders, and VIP Air, which is a recently established executive commuter carrier.

The report comes amid signs that Mr Nadir is trying to liquidate some of his personal Turkish assets.

He has already sold Impexbank, the small Istanbul trade finance bank, and some of his Istanbul-based [redacted] ines.

Mr Ozal [redacted] by Mr Kemal Uzan, Mr Ozal's partner in Magic Box and owner of the small Imar bank, and [redacted] members of the Eliyesil family who own Impexbank are helping to finance the deal.

It was reported in February that Mr Nadir had given his personal creditors [redacted] charge on his Turkish assets, including the media operations.

Titles to many of Mr Nadir's companies in Turkey were lodged for safe keeping with the Istanbul branch of a French bank, banking [redacted]

BOARD MEETINGS

TODAY

Interims- Granada, Newman Tonks, Partridge Fine Arts, Southern Business.

Finals- Baker Harris Saunders, Campbell & Armstrong, Feedback, Greig Shipping, Hollas, Midlands Electricity, SPRAIT, Seaboard, Wintrust.

FUTURE DATES

Interims-	
Argos	Aug. 19
Finals-	
Cray Electronics	July 11
Verson Intl	July 12

NEWS DIGEST

Bett shares dip 15p after loss warning

SHARES IN Bett Brothers, [redacted] construction and hotel group, yesterday [redacted] in 125p as the company warned of significant losses and [redacted] cut in the dividend.

Directors said [redacted] additional provisions would be needed against the value of development properties in the south of England. That would lead to significant losses for the [redacted] end-August, com[redacted] to pre-tax profits of [redacted] ously.

Because of the provisions, the final dividend for the year was unlikely to exceed 2.1p. [redacted] would mean a [redacted] of 4.2p, against 6.4p in 1989-90.

Buoyant rent roll lifts Evans of Leeds

[redacted] of Evans of [redacted] improved 12p to 122p yesterday as the property investment and development group reported a near-7 per cent increase in tax[redacted] profits.

The outcome for the year to [redacted] – [redacted] against [redacted] – partly reflected "satisfactory" rent reviews accord[redacted] John Humphries, [redacted]

Gross rental income amounted to £16m, up from £13.4m; the current rent roll was over £17m, he added.

Earnings per share improved from 7.86p to 9.44p and [redacted] recommended final [redacted] of [redacted] lifts the [redacted] to 3.74p [redacted] 3.4p).

Colorvision shows [redacted] contraction

Colorvision, [redacted] video, [redacted] retailer, [redacted] profits and earn[redacted] cent in the half [redacted] March 31.

Mr Neville Michaelson, chairman, [redacted] the recession [redacted] showing no real signs of easing in spite of the reduction in interest rates. Meanwhile, the group was continuing with [redacted] programme [redacted] cautious expansion and currently traded from 78 outlets.

Turnover rose to £29.1m (£25.6m), but pre-tax profit dropped to £1.94m (£3.46m) and earnings to 6.19p (11.11p).

[redacted] interim dividend [redacted] again 2.5p. The accounting period runs for 18 months and a second interim of 3.1p will be paid for the six months to end-September. The final last year was 3.1p.

Mr Michaelson said there had been a strong increase in sales of satellite systems in recent months.

[redacted] USM to [redacted] listing this year.

Walker & Staff static at £0.39m

Walker & Staff, a distributor of valve and pipe line equipment, held pre-tax profits at £389,000 for the year to March 31.

The outcome was generated on turnover ahead from £8.07m to £8.53m.

Earnings came [redacted] 11p (11.1p) [redacted] is lifted to 3.3p (3p).

24% rise to £518,000 for Argyll chairman

MR ALISTAIR Grant, chairman of Argyll Group, the food retailer [redacted] for its Safeway stores, [redacted] joined [redacted] band of [redacted] earning more than £500,000 a year following a £99,000 increase.

The accounts for the year to [redacted] 30 showed that the chairman's emoluments increased by 24 per cent, from [redacted] in [redacted] this time.

The group introduced a performance-related incentive plan in 1988, recommen[redacted] by the board's remuneration committee – of which Mr Grant is a member.

Payments under the scheme are related to growth in share price and earnings per share, 25 per cent up at 20p for the year.

But payments under this scheme are not included in the emoluments of directors, and the company was uncertain as to how Mr Grant's performance-related bonus was calculated.

Argyll achieved a 28 per cent increase in pre-tax profit for the year, up from £227m to £291m.

Group turnover was 15 per cent ahead at £4.76bn, with Safeway contributing 73 per cent of turnover and 78 per cent of operating profit.

● Mr Ray Horrocks, chairman of Chloride, the electronics group, received a 19 per cent pay rise in the year to March 1991.

The annual report shows that his salary rose from £86,323 to £102,936. However, the highest paid director took a modest reduction in pay from £114,124 to £112,972.

Pre-tax profits for the year fell to £5.1m (£12.8m) and there were losses per share of 0.9p (0.8p earnings).

Morgan Grenfell tops merchant bank league

MORGAN GRENFELL [redacted] returned [redacted] the top [redacted] the merchant bank league table, [redacted] position it once regarded almost [redacted] its birthright, writes Brian Bollen.

In the most recent survey carried [redacted] by FT [redacted] Acquisitions International magazine, Morgan replaced Baring Brothers [redacted] the [redacted] on bids for UK publicly-quoted companies at the half-year stage, having advised on five deals worth £1.72bn.

Only deals which have gone unconditional, have been referred to the Monopolies and Mergers Commission or have lapsed qualify for inclusion.

The biggest UK deal to qualify so far this year remains Northern Telecom of Canada's successful £1.34bn offer for STC, which went unconditional in January.

Optimists point to the [redacted] of a mild recovery. The top 10 banks at the end of June advised on 17 new deals in the second quarter, worth £1.3bn, compared with 10 deals worth £2.14bn in the first quarter. If the NorTel/STC bid is stripped out, that indicates a substantial relative increase in the volume and value of deals.

Goldman Sachs is still top of the international table, which includes cross-border bids and domestic bids where a foreign bank has acted as an adviser. It was involved in 16 deals worth a little more than $15bn (£9.3bn). Its biggest new credit was advising Square D in its defence against the offer from Groupe Schneider of France. Schneider won [redacted] it increased its offer from [redacted] $2.23bn.

The [redacted] Group advised on [redacted] winning side in [redacted] transaction and is now snapping at Goldman's heels.

BID ADVISERS – Jan 1 to June 30 1991
(End-1990 position in brackets)

[redacted]	[redacted] £m	No [redacted] Bids
1) Morgan Grenfell(14)	1,721	5
[redacted] Baring Brothers(1)	1,608	[redacted]
3) Goldman [redacted]	1,340	1
4) J Henry [redacted]	432	[redacted]
[redacted] Hill Samuel(15)	400	[redacted]
6) Lazard Brothers[redacted]	394	[redacted]
7) NM [redacted]	263	[redacted]
[redacted] Charterhouse(16)	242	5
[redacted]	207	[redacted]
10)Paribas(17)	180	[redacted]

INTERNATIONAL BIDS – Jan 1 [redacted] June 30 1991
(End-1990 position in brackets)

Adviser	Value($m)	No of Bids
1) [redacted] Sachs(1)	15,032	[redacted]
2) Lazard Group(-)	14,857	22
3) Merrill Lynch(4)	11,497	12
[redacted] Warburg(9)	10,412	21
5) [redacted]	6,853	25
6) [redacted] Intl(8)	5,159	[redacted]
7) Morgan [redacted]	4,074	[redacted]
8) JP [redacted]	3,324	28
9) Morgan [redacted]	3,273	17
10)Baring Brothers(10)	2,845	[redacted]

Cash and debt — a question of interest

Maggie Urry looks at the controversy surrounding Hanson's balance sheet

FEW DISPUTE Hanson's theoretical ability [illegible] raise the finance for [illegible] huge [illegible] bid.

Although the group's net [illegible] were £3.2bn [illegible] end of March this year, its borrowing powers are related to shareholders' funds plus written off goodwill giving Hanson the potential to raise about £17bn.

Yet some argue that the *Hanson balance sheet is not as* strong as might be supposed from the £564m net cash figure at the end of its 1989-90 financial year.

And, doubters suggest, Hanson's profits are overly dependent on clever treasury management of its cash and debts, meaning that earnings are of a poorer quality. Net interest receivable contributed £186m, nearly 15 per cent, of the £1.29bn pre-tax profit reported in the year to end-September 1990.

This might look a remarkably high rate of interest on the net cash balances. But it *was achieved by Hanson's* practice of holding cash balances in sterling and borrowing in dollars, thus taking advantage in recent months of the large differential in interest rates.

At the September 1990 year-end the group had net cash, according to its published accounts,of £3.2bn in sterling and net debt in dollars equivalent to £2.6bn. Its debt in the US is less than the value of its North American assets, so the group cannot be accused of over-borrowing in dollars, compared to its dollar assets.

Even so this arrangement of *cash and debt could be* interpreted as aggressive treasury management. But Mr Martin *Taylor, Hanson's vice-chairman*, argues the reverse. He says the group's treasury management [illegible] always [illegible] prudent policies. The company does not indulge in the risk taking others have done, for example in the foreign exchange markets, which could lead to large losses, or to over-borrowing in dollars to reinvest in sterling deliberately to make money on the pick-up in interest rates.

The fine print of the group's US-published accounts reveals that Hanson used swaps to fix an interest rate [illegible] 14.17 per *cent on cash of £1.27bn* [illegible] the year-end, until August this year, while other swaps meant it had debt of $2.32bn paying an interest rate of 9.04 per cent, again until August. These swaps alone would generate a sizeable gain in a full year.

But Mr Taylor says this is not evidence of Hanson taking a view on interest rates, more a view on the length of time it will have deposits. The group is constantly managing its obligations, he says, and brushes aside suggestions that declining UK interest rates will remove an important source of profit.

Firstly, he believes, the group has always had to cope with such changes over its 25-year plus history, and second, that if interest rates fall, economic activity might be expected to pick up in compensation.

There is some prudence in evidence too, in the company's debt repayment schedule. At the September 1990 year-end £2.1bn, just under a third of Hanson's total debt of £6.3bn, was due within a year. However, since the year-end a £500m convertible bond has been issued, with the proceeds used to repay short-term debt. That moves a chunk of debt to a rep[illegible]t date of [illegible], although the [illegible]nd mig[illegible] be converted into shares before then.

Also since the year-end, Hanson has launched a commercial *paper programme in the US. It* could raise up to $2.5bn [illegible] any time [illegible]rough the programme,and so far has issued over $2bn. The issue was made to reduce the group's borrowing costs. Although commer[illegible] regarded [illegible] short-term debt, [illegible] rolled [illegible] paper matures so long as the market remains receptive.

Further ahead the repayment schedule is not onerous, with much of the money due representing instalments on financings for earlier takeovers, such as the $3bn loan arranged in 1989 for the Consolidated Gold Fields purchase and the $2.6bn of bank finance lined up last year when Hanson bought Peabody, the US coal mining group.

Detractors of Hanson's financial management can find more scope for criticism in the treatment of acquisitions. The most curious is also the most recent big deal, the Peabody purchase.

When Hanson's latest accounts were published there were exclamations at the way the group had avoided any need to write-off goodwill on *the deal. Having paid £653m for* Peabody which had net assets of £321m, it wrote up the tar*get's fixed assets* by £2.11bn and then provided £1.67bn for liabilities such as for "black lung" compensation to miners. The effect of these and other adjustments was to make the purchase price equal to the net assets acquired.

Mr Taylor denies anything odd in this. Peabody's coal reserves had been in its bal*ance sheet at cost, while Han*son's revaluation put a price of 45 cents a ton on the reserves, [illegible] below current [illegible] prices. Hanson could have written [illegible] assets up further but did [illegible] want to value Peabody at more than the acquisition price.

Analysts also point out that this year's profits will be boosted by the profit on the sale of the group's [illegible] in Newmont Mining. This [illegible] was acquired with Gold [illegible], and last December [illegible] swapped it for Sir James Goldsmith's Cavenham Forest Industries, putting a price on the swap of $1.3bn.

Since the Newmont stake was valued in Hanson's September balance sheet at £527m, there is a profit of about £140m on the disposal, using the sterling/dollar exchange rate on *the date of the sale. This is* being spread over the remainder of the 1990-91 year. The first instalment was lumped together in the interim results in one figure including interest and property income, less central expenses and put into pre-tax profits.

Arguably this sort of profit should be dealt with elsewhere in the profit and loss account, or at least specified more clearly. Hanson's response is that this accounting treatment was the one used by Gold Fields. Once proposed changes to accounting rules are intro*duced, Hanson's accounts* ought to become clearer.

City analysts believe that Hanson needs to make a big acquisition to bolster profits once the high level of interest receivable and the profit on the Newmont stake washes out of the group's figures.

If the group were to use its cash balances, and take on debt, to buy ICI it would undoubtedly have to bear an interest charge ra[illegible]er than enjoy receipts, [illegible] that source of profits.

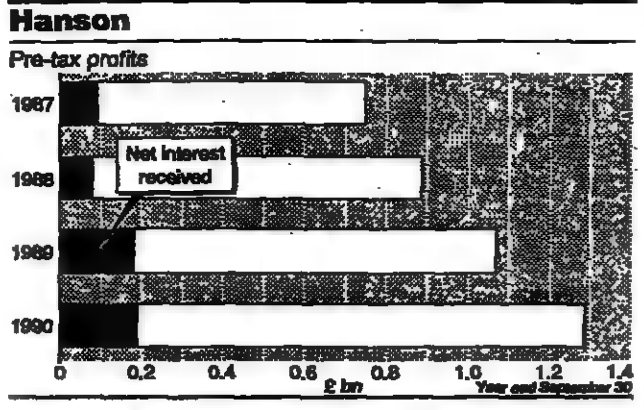
But the whole purpose of investing in assets is to make a better return than is available on cash or than the cost of money. Depending on the price paid, Hanson might expect the acquisition to cover its financing costs even from the beginning.

Further, the company's history has been one of cash generation and the rapid reduction of [illegible] taken [illegible] to finance acquisitions. [illegible]en this is [illegible]d through sales of sub[illegible]s and rapid cost-cutting – the purchase price of [illegible] acquired in 1986, was recouped within a year by the sale of subsidiaries still leaving Hanson with businesses making considerable profits.

If Hanson were to pre-sell ICI's pharmaceutical business at prices being quoted, it could finance the rest of the purchase comfortably. And depending on whether cash or shares were used, either the balance sheet or the earnings should be improved as a result.

Hanson

Pre-tax profits



NEWS DIGEST

Caparo cuts holding in Folkes

THE FOLKES Group, together with the Folkes family, have paid £3.6m for a 16 per cent stake in the company held by Caparo Industries, headed by *Mr Swraj Paul*.

The number of shares involved amounted to 6.98m, of which 6.49m were purchased for cancellation. The balance was bought in order to increase the Folkes' family's personal holding in the business.

The transaction reduces Caparo's interest from 21 per cent of the issued capital to less than 5 per cent.

The group said the deal would increase net asset value per share from 84p to 90p and would *also give rise to an* improvement of 18 per cent in earnings per share.

Furthermore, the Folkes family would increase its control in the voting shares of the group from 57 per cent to 64 per cent and from 23 per cent of the total equity to 28.6 per cent after cancellation.

Airsprung calls for £3.2m to repay debt

Airsprung Furniture Group is making a rights issue to raise a net £3.2m and has applied to move up from the USM to the main market.

The Trowbridge-based company is issuing up to 2.36m *shares on a 1-for-4* [illegible] at 145p per share. It is fully underwritten. The shares closed at 185p, *down 7p on the day*.

The money will be used to repay specific borrowings [illegible] £2.1m with the balance for developing the core businesses of beds and furniture.

Joseph Hoyle cuts loss to £0.24m

Joseph Hoyle & Sons, the woollen spinning and cloth manufacturing subsidiary of Lister, cut pre-tax losses from £264,000 to £243,000 for the year to April 1. The interim loss was £233,000.

Swraj Paul, chairman of Caparo Industries

Turnover [illegible] (£6.14m) and losses per [illegible] were [illegible] (29.01p). On Monday Lister reported increased losses of £1.71m (£1.37m).

Swanyard boosted by label launch

Swanyard, [illegible] USM-quoted record producer [illegible] publisher [illegible] pre-tax profits [illegible] £230,000 to £278,000 in 1990.

Mrs Margarita Hamilton, who [illegible] the company, said [illegible] reflected [illegible] successful launch of the Swanyard Record Label, which was greatly assisted by the [illegible] of Technotronic, the group specialising in dance music and the label's first *signing*.

Turnover expanded to [illegible] (£2.28m) and operating *profit* worked through at £185,000 (£197,000). Earnings per share advanced to 2.406p (2.102p).

There were extraordinary costs of £165,000 relating to the introduction of the shares to the USM.

British Vita makes $11m purchase

British Vita *is paying about* $11m (£6.8m) for part of the foam group of Leggett and *Platt*.

The consideration, to be paid over the next 12 months, is about [illegible] same [illegible] of the tangible [illegible] being acquired.

The business has operations in North Carolina and Mississippi and has sales of about $35m mainly to the furniture and bedding industries.

The acquisition is being made through Vita's newly-formed US offshoot Vitafoam of North Carolina.

New chairman at Goodhead

Mr John Madejski, chairman of the Hurst publishing group, *has lifted his stake in* Goodhead Group, the printer, publisher and designer, from 10.5 per cent to 18.5 per cent.

Mr Madejski is now the largest shareholder and has been made a director. He takes over as non-executive chairman from Mr Colin Rosser, who remains group chief executive and becomes deputy chairman.

FT LAW REPORTS

Lonrho can sue for civil conspiracy

LONRHO PLC v FAYED AND OTHERS

House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Templeman, Lord Goff of Chieveley and Lord Jauncey of Tullichettle): June 27 1991

PREDOMINANT PURPOSE to injure is not an [illegible] ingredient of the civil tort of civil conspiracy to injure, if the means to be [illegible] by [illegible] alleged conspirators [illegible] unlawful; and accordingly, [illegible] the plaintiff [illegible] spiracy [illegible] injure by [illegible] of [illegible] representations, [illegible] will not [illegible] struck [illegible] on the ground only that *intent to injure* was merely additional to the [illegible] of [illegible] the defendants.

The House of Lords so [illegible] allowing a cross appeal by the plaintiff, Lonrho plc, [illegible] a Court of Appeal decision striking out its civil conspiracy claim against the defendants, Mr Salah Fayed, Mr Ali Fayed, House of Fraser Holdings Ltd, and Kleinwort Benson Ltd and its director, Mr MacArthur, advisers to the Fayeds and Holdings. An [illegible] by [illegible] from the Court of Appeal's refusal to [illegible] a claim for [illegible] ence [illegible] by unlawful means was [illegible].

LORD BRIDGE [illegible] early [illegible] Lonrho [illegible] to acquire [illegible]

Following a [illegible] of the [illegible] by the [illegible] and industry secretary [illegible] Monopolies and Mergers Commission, and a MMC report dated December 9 1981, Lonrho gave an undertaking to the secretary of state not to acquire more than 30 per cent of the House of Fraser share capital.

A further reference was made on May 31 1984. If the MMC report was favourable to Lonrho it was expected that the secretary of state would *release Lonrho from its undertaking* and that it would be free to proceed to bid for control of House of Fraser.

The Fayed brothers owned and controlled House of Fraser Holdings plc.

In November 1984 Holdings acquired most of Lonrho's shares in House of Fraser and was intending to acquire a controlling interest.

[illegible] gave [illegible] merger situation.

[illegible] secretary of [illegible] had referred that merger situation, [illegible] and Holdings would have been prevented from acquiring control unless and until the MMC had made a favourable report. No reference was made.

[illegible] March 11 1985 Holdings [illegible] acquired [illegible] than half [illegible]

[illegible] March 14, following a favourable [illegible] report [illegible] Lonrho's May [illegible] reference, [illegible] secretary [illegible] it [illegible] undertaking.

Lonrho asserted that [illegible] Fayeds and Holdings [illegible] secretary of state to [illegible] from referring their proposed acquisition to the MMC by false and fraudulent representations [illegible] selves, [illegible] ground and source of finance.

[illegible] statement [illegible] claim pleaded that the [illegible] intention [illegible] to benefit the Fayeds and Holdings by furthering their interest in the acquisition, and also to injure Lonrho by preventing it from acquiring House of Fraser.

Lonrho asserted that the facts established a cause of action for the common law tort of interfering with business by unlawful means.

But the statement of claim also relied additionally or alternatively on the same allegations of fact as establishing the tort of conspiracy to injure.

The defendants applied to strike out the statement of claim on the ground that it dis*closed no cause of action*, and was frivolous, vexations and an abuse of process.

Master Topley dismissed that application. Mr Justice Pill allowed an appeal.

On Lonrho's appeal the Court of Appeal accepted that the statement of claim had not alleged that the *predominant* purpose of the alleged conspiracy was to injure Lonrho, and that it was bound by its own decision in *Metall und Rohstoff [1990] 1 QB 91* to hold that the conspiracy cause of action could not succeed.

It allowed the appeal in relation to interfering with business by unlawful [illegible]

The defendants [illegible] appealed. Lonrho cross-ap[illegible] in [illegible] to the cause [illegible] in conspiracy.

In [illegible] Court of Appeal interpreted [illegible] House of Lords decision in *Lonrho v Shell (No2) [1982] AC 173* as *holding it to be essential in the* civil tort of conspiracy to establish that the conspirators' predominant purpose was to injure the plaintiff, irrespective of whether the means used were lawful or unlawful.

In *Crofter* [illegible] *ris* [illegible] *Veitch* [illegible] *AC 435,445* Lord [illegible] said that if [illegible] than [illegible] purpose [illegible] a combination, liability depended on ascertaining [illegible] *predominant purpose*.

He said if the predominant purpose was lawful protection of the combiners's lawful inter[illegible] "no illegal [illegible] being employed", it [illegible] a tor[illegible] conspiracy, though [illegible] damage to [illegible]

Lord Wright [illegible] different [illegible] if the conspiracy is to do [illegible] in themselves wrongful, [illegible] or defraud."

The reasoning in [illegible] clear and [illegible]

Where conspirators [illegible] with the predominant purpose of injuring the plaintiff and inflicted damage, but did nothing which would have been actionable if done by an individual acting alone, it was in the fact of their concerted action for the illegitimate purpose that the law found sufficient ground to condemn their action as illegal and tortious.

But when conspirators intentionally injured the plaintiff using unlawful means, it was no defence for them to show that their primary purpose was to further or [illegible] their own interest; it was sufficient to make their action tortious that the means used were unlawful.

The question was whether the House of Lords in *Lonrho v Shell* departed from that reasoning and laid down a new principle that a plaintiff, to establish the tort of conspiracy to injure, must prove intention to injure was the predominant purpose, whether the means used were lawful or unlawful.

In the Court of Appeal in *Lonrho* Lord Denning said conspiracy to do an unlawful act was actionable if there was intent to injure. He said "intent to injure may not be the predominant motive. It may be mixed with other motives".

In the House of Lords Lord Diplock [illegible] was 'no *direct authority on whether* intent to injure was an essential element of civil [illegible] where [illegible] agreed [illegible] amounted to criminal [illegible]

He was against extending the scope of the tort beyond "acts done in execution of an *agreement entered into by two or more persons for the purpose not of protecting their* own interests but [illegible] injuring *the interests of the plaintiff*".

In *Metall* the Court [illegible] Appeal concluded that *Lonrho v Shell* laid down that the tort of conspiracy [illegible] injure required proof not merely of intention to injure, but also that injury was the predominant purpose.

It was not accepted that the House of Lords intended *Lonrho v Shell* to effect, *sub silentio*, such a significant change in the law.

To do so would have been directly contrary to Lord Denning's view in the judgment which the House was affirming, and inconsistent with Lord *Simon's dicta in Crofter*.

It followed that Lonrho's acceptance that the pleaded intention to cause injury was not the predominant purpose of the alleged unlawful action, was not necessarily fatal to the pleaded cause of action in conspiracy. It afforded no separate ground for striking out that part of the pleading.

The two pleaded causes of action must stand or fall together. Both should be struck out or both go to trial.

It would be inappropriate to strike out the *statement* of claim. The case must proceed to trial. The only question for decision at the present stage was that involved in overruling *Metall*. The defendants had failed to demonstrate that Lonrho's claim was obviously doomed to fail.

The appeal was dismissed. *The cross-appeal was allowed.*

Their Lordships agreed.

For Lonrho: Sidney Kentridge QC, Ian Geering and David Pannick (Denton Hall Burgin & Warrens).

For the Fayeds:David Oliver QC and Alastair Walton(Herbert Smith).

For Kleinwort: Anthony Grabiner QC and Nicholas Bratza (Slaughter and May).

Rachel Davies

Barrister

هكذا نسخة بالأصل

COMMODITIES AND AGRICULTURE

SA bank tries to keep gold 'healthy'

By Kenneth Gooding, Mining Correspondent

SOUTH AFRICA'S central bank is using its considerable weight as one of the world's biggest gold traders [illegible] reduce convulsions in the gold market to a minimum.

The bank also [illegible] continuing to rebuild its gold reserves, which at one point slipped to 3.6m troy ounces but have now returned to 5m ounces, according to Mr James Cross, general manager of the South African Reserve Bank's gold and foreign exchange department.

Analysts suggested that his remarks should be considered bullish at a time when the gold market is in the doldrums and looking for direction.

Mr [illegible] pointed out yesterday that South Africa, the world's biggest gold producer, had about 20m ounces to sell each year. So his bank hoped to prevent wild swings in the physical gold market, either up or down, because these movements frightened away fabricators, such as jewellers, and investors.

"We want to ensure that the physical bullion market stays healthy or it might become difficult to sell our gold," he added.

Mr Cross said that there was no question of the bank being able to shift the gold market in any direction that it fundamentally did not want to go, or even to hold the gold price within a relatively narrow trading band.

"We can attempt to smooth the waves but we would not fight the tides," he explained.

But if, for example, the "spread" – or difference between buying and selling prices, moved out from the usual 50 [illegible] ounce to, perhaps, [illegible] an ounce, "that's when our attention would [illegible] attracted."

Mr [illegible] stressed in [illegible] telephone interview from Johannesburg that the physical gold market was still remarkably resilient. He revealed that in 1988-89 the [illegible] Bank [illegible] its [illegible] by selling 7m ounces on the world market. This caused no disturbance as the gold [illegible] sold [illegible] when the price [illegible] rising.

By effectively switching out of gold and into US dollars, the Reserve Bank had reduced its exposure to the gold price which was moving steadily down at that time.

The sales reduced South Africa's gold swap arrangements – where the metal is sold today with an agreement that it will be bought back at a future date. These swap arrangements at one stage [illegible]ered 12.8m ounces [illegible] gold but had been [illegible] 5m ounces, [illegible] Mr [illegible].

"But we have no intention of making any further reductions in our swaps and we will rebuild our gold reserves over time," he said.

Moscow anxious to open up 'last frontier'

By Kenneth Gooding

THE SOVIET Union, in contrast to past policy, is now anxious to open up its "last frontier" – the Soviet Far East, an enormous area which covers 28 per cent of the country's territory and is very rich in natural resources.

The region stretches along the north west Pacific Rim, bordering China, North and South Korea, Japan and the US. It accounts for much of the nation's minerals output, a third of its timber resources and 40 per cent of its fish.

The latest Economist Intelligence Unit report, says "the Soviet government is now anxious to open up the area to foreign investors and increase economic ties with nations in the Asia-Pacific region".

Mr James Dorian, the author, adds: "Enthusiasm is [illegible] on the rise among Soviet industries and enterprises to penetrate the vast markets of China, South Korea, the Asean nations, Australia, Canada, Japan and the US.

"The objective of the Soviet government is to assist the Soviet Far East in participating in the economic development of the Pacific Basin."

The report points out, however, that so far few companies of international standing have accepted invitations to invest in the area. Only about 30 joint ventures have been signed and most of them are small.

"Investors have been generally reluctant to initiate projects in the region because of its inadequate infrastructure base, the non-convertibility of [illegible] rouble and inefficient bureaucracy. In addition, *perestroika* [illegible] prompted many [illegible] Far [illegible] call for economic independence *from Moscow, raising concerns* [illegible] foreign companies about [illegible] rights of ownership [illegible] mineral [illegible] in [illegible] region," [illegible] Mr Dorian.

The nearest potential [illegible]tor is Japan. But, for because of conflicting territorial claims, as well as economic realities, the Japanese have adopted a "slow and deliberate" strategy. Japanese companies have at times expressed interest in exploiting the oil, gas and mineral resources of the Soviet Far [illegible] but "have decided [illegible] the costs of extraction and pro[illegible] would be uneconomically high".

The Japanese lumber industry has, however, invested in the rich timber resources of Siberia and the Soviet Far East and the C. Itoh trading house *signed an agreement in 1989 to* establish a joint venture lumber mill in Khabarovsk and will put up 49 per cent of the Yen200m (£880,000) capital.

Exploration in the region in the next few years will focus on gold, oil and gas, coal, tin, tungsten, antimony and phosphate, says the report, and this should result in many more deposits being discovered.

"Mining in the Soviet Union – Investment, Trade and Co-operation in a Changing Environment," by James Dorian. £395 or US$785 from the EIU, 40 Duke Street, London W1A 1DW.

Peru ready to begin privatising mines

By Sally Bowen [illegible] Lima

PRIVATISATION OF Peru's state-owned mining companies [illegible] about to begin, according to an announcement by Mr Fernando Sanchez Albavera, the Minister [illegible] Energy [illegible] Mines.

Under the umbrella of extraordinary legislative powers delegated to the ministry by Congress a couple of weeks ago, a decree promoting pri[illegible] investment in hitherto totally state-owned enterprises will be promulgated "within a fortnight", said Mr Sanchez Albavera [illegible] weekend.

The plan was not, he empha[illegible] to sell off Centromin, Mineroperu and Hierroperu entirely, but [illegible] attract new private capital investment, from Peruvian or foreign commercial sources.

"We want to find partners to open up [illegible] companies and bring in modern technology, in order to increase production and productivity," he explained.

Private investors would take over management and have a controlling interest of at least 51 per cent in these "associations", he said.

Mr Sanchez Albavera was speaking during a visit to the state zinc refinery of Cajamarquilla. *A year ago, it was operating* at about half of its installed capacity. After a programme of staff reductions, it is now operating at 98 per cent of capacity, he said. Between January and March this year, he said, it achieved sales of about $18m.

Mineroperu is looking for partners for its two other principal installations: the copper refinery at Ilo and the copper deposits of Cerro Verde, both in the southern coastal area of Peru. A valuation process is currently under way.

State holdings amounting [illegible] about 9 per cent in the Buenaventura mining company, Peru's principal silver producer, are to be sold by auction on the Lima [illegible] Exchange on July 19. [illegible]aventura owns the U[illegible]chacua and Julcani mines as well as the lion's share of Orcopampa, Peru's biggest single silver mine.

The company also has a stake in Peru's most important new mining venture, the development of the rich zinc deposits of Iscaycruz, in a joint venture with Mineroperu and Brazilian mining company Paraibuna.

Oil producers and consumers skirt price issue at first meeting

By George Graham in Paris

MINISTERS FROM 25 nations have agreed to meet again [illegible] the first major conference [illegible] oil producers and oil consumers [illegible] 16 [illegible].

After the two-day meeting organised by France and Venezuela, which [illegible] in Paris yesterday, Norway and Egypt will [illegible] on the organisation [illegible] conference, Mr Roland Dumas, the French foreign minister, [illegible] yesterday.

The meeting has carefully avoided taking any substantive decisions, and in particular has skirted any hint [illegible] a discussion [illegible] oil prices.

"There was absolutely [illegible] question [illegible] substituting this [illegible] the market," Mr Dumas said.

Nevertheless, [illegible] number [illegible] ministers argued that the market's functioning could be improved.

"There was broad agreement among the participants that it is indubitably market [illegible] which have primacy in determining price structures, but it is possible and right to perfect market mechanisms by making them more transparent," said Mr Armando Duran, the Venezuelan foreign minister.

Mr Dominique Strauss-Kahn, France's industry minister, argued that the oil market was in any case already subject to state influence. "The free market in oil is already a market where states intervene. Are there not quotas in certain pro*ducer countries? Are there* not reserve stocks in the consumer countries," he said.

"Experience [illegible] demonstrated repeatedly [illegible] the oil [illegible] will not look after itself," added Dr Subroto, secretary general of the Organisation of Petroleum Exporting Countries.

Mr Hamdi [illegible] Banbi, the Egyptian oil minister, went further in proposing the creation of a joint committee of senior experts from Opec, the independent petroleum exporting countries and the International Energy Agency, which groups the main consuming nations.

These efforts to improve the functioning of the market are still viewed with some suspicion by a number of consumer countries, notably the US, which regard them as just one step away from interference with [illegible] market.

Statoil leads non-Opec exports

By [illegible] in [illegible]

STATOIL, THE Norwegian [illegible], this [illegible] [illegible] major milestone when [illegible] crude [illegible] exports passed [illegible] 1m barrels-a-day mark, propelling [illegible] straight [illegible] of [illegible] non-Opec league of [illegible] company giants Shell, [illegible] and Exxon.

[illegible] daily crude [illegible] averaged [illegible] barrels, compared with 810,000 barrels in 1989.

Mr Sigurd Jansen, vice-president crude oil [illegible] supply, *forecast* [illegible] 1.1m b/d and [illegible] around [illegible] b/d by [illegible].

"Within [illegible] couple [illegible] crude [illegible] production will represent [illegible] per cent, possibly more, of [illegible] Norwegian production," he said. In addition, [illegible] value of *crude oil from the giant Stat*fjord field, which Statoil operates, has increased by 50 cents over the past three years, moving from a 30-cent discount to 20-cent premium against Brent crude oil, the North Sea benchmark.

In the non-Opec company [illegible] of crude oil producers Statoil ranks No 4 behind BP, Exxon [illegible] Shell – which heads the list – but as a country Norway this year captured the position as the world's fifth biggest non-Opec crude oil pro*ducer at 1.9m barrels* [illegible] *day, the* same as Nigeria.

Mr [illegible] said that [illegible] crude oil reserves rose in 1990 to [illegible] barrels [illegible] barrels a year earlier when the company ranked fourth, again behind BP, Exxon and Shell, in the world reserves league.

Western Europe is the main recipient of Statoil's crude, taking 50 per cent of exports, followed by the US, which takes between 15 per cent and 20 per cent depending on market conditions.

The company this autumn will open a trading unit in Singapore with a view to establishing 24-hour trading. Mr Jansen suggested that in the strategic alliance that his company formed last year with BP, crude oil production, which the two companies are hoping to *boost in the Far East, would be* sold through Singapore.

Also, Statoil will seek to boost overall crude oil sales by entering swap agreements with other oil companies to acquire other qualities of crude, [illegible] complement [illegible] light, [illegible] from the North Sea.

Philippines growers count cost of volcanic eruotion

By Greg Hutchinson in Manila

ESTIMATES of the damage to agriculture in the Philippines after the eruption of Mount Pinatubo are increasing sharply as communications are restored.

The country's agriculture department, which is planning a P939m (£22m) rehabilitation programme, *estimates* the direct loss to crops, trees, fish and prawn ponds, poultry and livestock from the volcano at P423.68m. The estimate does not include future losses from land rendered useless by volcanic ash, mud and rock.

Mount Pinatubo, which, according to UN volcanologist Mr John Tomblin has caused the biggest evacuation from a volcano in history, continues to out clouds of sand and ash 3,000 to 7,000 metres in the air. The more dangerous, low-fre*quency volcanic quakes sug*gest a major eruption is to expected, but when is uncertain, according to Filipino volcanologists.

The material continues to accumulate on [illegible] slopes and flood plains, especially rice fields of Zambales province and sugar fields of Pampanga within 40 km (25 miles) of Pinatubo. The danger to farm land near rivers extends to [illegible] 60 km, *to some of* [illegible] productive land in the [illegible].

The Philippine Inst[illegible] Volcanology and Seismology reported yesterday that ash-fall at its Poonbato recording [illegible]tion [illegible] mm thick.

A [illegible]end visit to the two provinces reveal the sugar crop is mostly bearing up, with minor damage showing up in yellowing leaves and some crushed plants. The Agriculture Department estimates that sugar [illegible] will be less than 30 per [illegible] in the affected *areas, and* [illegible] *the long-term* prospects actually look better because of the nutrient value of [illegible] sand and [illegible].

Greek citrus exports fall by 14 per cent

By Kerin Hope in [illegible]

EXPORTS OF [illegible] citrus fruit declined by about 14 per cent last winter, reflecting the impact of a severe drought that also seriously affected the quality of the crop.

The loss of traditional markets in parts of eastern Europe also contributed to a *slight downturn in earnings,* according to the Association of Greek Fruit and Vegetable Exporters.

Orange exports in 1990-91 totalled 303,494 tonnes, a 10 per cent drop compared with the [illegible] year, the association said. Lemon exports fell by 49 per cent to [illegible] tonnes. One bright spot, however, was a 65 per cent rise in mandarin exports to 18,026 tonnes in the same period.

Total foreign exchange earnings from citrus exports amounted to $83.97m, a marginal decline from $84.55m in 1989-90.

Greek citrus exports to other European Community countries plunged by almost 50 per cent last winter [illegible] 87,880 tonnes. That was mainly because "better quality Spanish fruit captured [illegible] market share in Germany and the Netherlands", according [illegible] Mr [illegible] Karagiorgas, chairman [illegible] the exporters' association.

Citrus exports to the Soviet Union, Czechoslovakia and Bulgaria, which have all been substantial customers in the [illegible], declined sharply. [illegible] orange purchases [illegible] record levels in Yugoslavia and Poland, where private businessmen have taken over [illegible] sizeable part of the fruit [illegible].

Exports [illegible] to Yugoslavia totalled 74,317 tonnes, the association said, up from the 30,148 tonnes shipped in the previous year. Sales to Poland reached 54,854 tonnes compared with 16,997 tonnes in 1989-90.

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	-900	to 442,275
Copper	[illegible]	to 264,675
Lead	-700	[illegible]
Nickel	-516	to 4,146
Zinc	-200	to 116,300
Tin	-170	[illegible]

French wheat futures planned next year

By Tracy Corrigan

THE MATIF, the [illegible] Futures Exchange, [illegible]ing a European milling wheat futures contract to start start trading in early 1992.

However, the French parliament will [illegible] have to repeal a 1936 [illegible] forbidding financial *products based on cereals. In* addition, the contract has to be approved by the two regulatory authorities, [illegible] Commission des Operations de Bourse and the Conseil du Marché [illegible] Terme. The Matif will then have to convince the country's *agricultural base that such a* contract can act as a complement to the European Community's Common Agricultural Policy, which supports prices.

One contract will represent 100 tonnes of wheat, with an option for physical delivery.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in [illegible]

ANTIMONY: European free market [illegible] per cent, [illegible] tonne, in warehouse, 1,620-1,650 (same).

BISMUTH: European [illegible] market, min. 99.99 per cent, $ per lb, tonne [illegible] in warehouse, [illegible] (2.90-3.15).

CADMIUM: European [illegible] market, min. 99.5 per cent, $ per lb, in warehouse, [illegible] (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 13.00-13.50 (13.50-[illegible]).

MERCURY: European free market, min. 99.99 per cent, [illegible] per 76 lb flask, in warehouse, [illegible] (85-100).

MOLYBDENUM: European [illegible] market, drummed molybdic oxide, [illegible] per lb Mo, in ware[illegible] [illegible] (same).

SELENIUM: European [illegible] market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, [illegible] min: 65 per [illegible] $ per tonne unit [illegible] kg) WO_3, cif, 54-60 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, *cif, 2.35-2.45 (same).*

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 9.20 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices moved [illegible] again yesterday [illegible] strength [illegible] the dispute at [illegible] Chuquicamata mine, aided by news that [illegible] a [illegible] a long way off. *Codelco* [illegible] *it* [illegible] to declare [illegible] majeure if [illegible] strike, which [illegible] on Monday, [illegible] more than [illegible] month. [illegible] copper prices [illegible] sharply up [illegible] midday; however, [illegible] York analysts [illegible] stoppage [illegible] from two weeks to a month in order to bolster [illegible] appreciably. LME zinc prices [illegible] hauled [illegible] day's [illegible] by [illegible] strength [illegible] copper, but the [illegible] *quietness* of [illegible] fairly low [illegible] physical market activity [illegible] holiday period approached. Aluminium prices [illegible] steady; LME [illegible] 900 [illegible] Three-month nickel [illegible] a tonne. The [illegible] *was underpinned* by the [illegible] fall in LME [illegible] which, although expected, [illegible] a [illegible]. Falling [illegible] August metal prompted [illegible] widening [illegible] premium [illegible] three-month [illegible] $50 [illegible] tonne from Monday's [illegible] London's robusta [illegible] *prices were* [illegible] *after* Monday's gains.

Compiled from [illegible]

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.80-5.85	+0.2
Brent Blend (dated)	$18.45-8.60	
Brent Blend (Aug)	$18.60-8.85	+.075
W.T.I. (1 pm est)	$20.70-0.80z	+.125
Oil products		
NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$240-242	
Gas Oil	$178-179	
Heavy Fuel Oil	$63-64	-½
Naphtha	$187-189	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$367.45	-1.5
Silver (per troy oz)♣	442.0c	-4.5
Platinum (per troy oz)	$380.0	-1.5
Palladium (per troy oz)	$97.25	-0.75
Aluminium (free market)	$1320	
Copper (US Producer)	105.65c	+0.85
Lead (US Producer)	33c	
Nickel (free market)	399c	+4
Tin (Kuala Lumpur market)	15.47r	+0.07
Tin (New York)	263.50c	+0.5
Zinc (US Prime Western)	52c	
Cattle (live weight)†	108.57p	-0.82*
Sheep (dead weight)†	126.95p	-5.36*
Pigs (live weight)†	71.34p	-0.72*
London daily sugar (raw)	$256.0x	-6.0
London daily sugar (white)	$316.0x	+6
Tate and Lyle export price	£269.5	-2.5
Barley (English feed)	£110.0z	
Maize (US No. 3 yellow)	£163.0u	
Wheat (US Dark Northern)	£100.0	
Rubber (Aug)♥	55.50p	+0.25
Rubber (Sep)♥	56.00p	+0.25
Rubber (KL RSS No 1 Aug)	231.0m	-0.5
Coconut oil (Philippines)§	$430.0x	+20
Palm Oil (Malaysian)§	$322.5u	-5
Copra (Philippines)§	$270x	+10
Soyabeans (US)	£138	+2.5
Cotton "A" Index	81.70c	-0.7
Wooltops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	[illegible]	High/Low	
Aug	[illegible]	222.00	[illegible]	222.00
Oct	[illegible]	190.20	191.50	189.00
Dec	[illegible]	172.00	177.00	172.00
Mar	[illegible]	182.40	184.00	181.00
May	[illegible]	[illegible]	187.00	185.00
Oct	191.00	188.80	191.40	189.00

[illegible]	Close	Previous	High/Low	
Aug	[illegible]	313.0	[illegible]	310.0
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	257.5	257.0
Mar	[illegible]	[illegible]	[illegible]	255.9
May	259.5	261.4	259.2	

Turnover: Raw 443 (646) lots of 50 tonnes. White 1048 (1362)
Paris- White (FFr per tonne): Aug 1698.40 Oct 1653.39

CRUDE OIL – IPE [illegible]

	Latest	Previous	High/Low	
Aug	18.83	18.81	18.85	[illegible]
Sep	18.95	18.94	[illegible]	18.89
Oct	19.06	19.12	[illegible]	[illegible]
Nov	19.12	19.17	[illegible]	19.06
Dec	19.10	19.04	[illegible]	[illegible]
IPE Index	18.75	18.61		

Turnover 16214 (16961)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Jul	174.50	175.00	175.50	173.75
Aug	176.25	175.00	176.50	174.75
Sep	177.75	176.50	178.00	176.25
Oct	179.75	178.50	180.00	178.50
Nov	181.75	180.50	181.75	180.00
Dec	182.50	181.75	182.75	181.00
Jan	179.50	178.75	179.75	

Turnover 12402 (16412) lots of 100 tonnes

Cotton
Liverpool-spot and shipment sales amounted to 188 tonnes against 109 tonnes in the previous week. Sales were moderate occuring mainly in Australian and Russian growths.

JUTE
July/Aug: c and f Dundee; BTC $480, BWC $460, BTD $445, BWD $475, c and f Antwerp BTC $460, BWC $460, BTD $435, BWD $430

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Jul	580	577	585	574
Sep	[illegible]	618	620	611
Dec	[illegible]	661	661	652
Mar	[illegible]	696	700	692
May	[illegible]	720	723	717
Jul	[illegible]	738	744	739
Sep	[illegible]	760	764	757

Turnover: 4584 [illegible] of [illegible] [illegible] indicator [illegible] (SDRs per tonne). Daily [illegible] for Jul 1 770.82(753.48) 10 day average for [illegible] 768.00 (766.50)

COFFEE – London FOX £/tonne

	[illegible]	Previous	High/Low	
Jul	[illegible]	552	551	540
Sep	[illegible]	577	577	568
Nov	[illegible]	595	597	591
Jan	[illegible]	616	620	613
Mar	[illegible]	635	635	630

Turnover:4333 [illegible] lots of 5 tonnes
ICO indicator [illegible] (US cents per pound) for Jul.1 : Comp. [illegible] 65.38 (65.37)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Mar	109.3		108.0	108.0
Apr	105.9	107.6	106.1	105.0

Turnover 134 (100) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	132.50	129.00	132.50
Dec	136.50	135.00	136.50

Turnover 55 (50) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Jul	1636	1616	1654	1630
Aug	1610		1615	1600
Oct	1644	1630	1650	1635
Jan	1650		1655	1650
BFI	1695	1699		

Turnover 341 (261)

GRAINS – London FOX £/tonne

Wheat	[illegible]	Previous	High/Low	
Sep	112.70	[illegible]	112.65	
Nov	115.70	[illegible]	115.70	115.50
Jan	119.40	[illegible]	119.25	
Mar	122.70	[illegible]	122.60	
Barley	[illegible]	[illegible]	**High/Low**	
[illegible]		110.60	111.00	
[illegible]	117.90	[illegible]	117.90	
[illegible]	120.50		[illegible]	120.50

Turnover: Wheat 70 (133), Barley 90 (8). [illegible] lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	[illegible]	Previous	[illegible]
Jul	100.0	98.0	
Aug	101.0	99.0	

Turnover:38 (398) lots of 3,250 kg

[illegible] – London FOX

	[illegible]	[illegible]	High	Low	[illegible]
Indx	141.31	141.72			
Jul	143.00	142.20	143.00	142.00	[illegible]
Sep	143.80	143.40	143.80	142.50	100
Dec	144.00	144.00	144.00	143.40	80

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 12,753 lots
Cash	1323-5	1323-4		[illegible]		
3 months	1355-7	1355-6	1360/1339	1346.7	1357-8	92,891 lots
Copper, Grade A (£ per tonne)						Total daily turnover 16,544 lots
Cash	1412-3	1402-3	1413/1[illegible]	1398-9		
3 months	1425-7	1414-5	[illegible]	1411-12	1433.5-4.5	180,345 lots
Lead (£ per tonne)						Total daily turnover 2,078 lots
Cash	343-4	341.5-2.5	342	[illegible]		
3 months	349-50	349.5-50.0	352/348	345-6	351-2	18,265 lots
Nickel ($ per tonne)						Total daily turnover 2,841 lots
Cash	8625-50	8580-70		8575-85		
3 months	8575-600	8520-5	8600/8525	8540-5	8560-600	13,099 lots
Tin ($ per tonne)						Total daily turnover 569 lots
Cash	5850-60	5840-50	5840	5835-40		
3 months	5740-45	5730-40	5750/5735	5730-33	5735-45	7,707 [illegible]
Zinc, Special High Grade ($ per tonne)						[illegible] daily turnover [illegible]
Cash	1068-70	1077-8		1068-9		
3 months	1079-80	1086-7	1085/1078	1079-7.5	1082-3	[illegible]

LME Closing £/$ rate:
SPOT: 1.6020 3 months: 1.5921 6 months: [illegible] 9 months: [illegible]

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	367.20-367.70	
Opening	367.10-367.50	
Morning fix	366.65	227.848
Afternoon fix	367.10	228.580
Day's high	367.60-368.00	
Day's low	366.20-366.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.39	6 months	5.31
2 months	5.39	12 months	5.30
3 months	5.39		

Silver fix	p/fine oz	US cts equiv
Spot	274.85	442.40
3 months	282.50	449.10
6 months	289.70	456.60
12 months	304.65	473.30

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	367.50-368.50	229.00-229.50
Maple leaf	376.00-377.00	234.00-234.50
New Sovereign	89.00-90.00	55.50-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	115	154	13	26
1350	51	92	48	61
1450	17	49	113	115
Copper (Grade A)	**Calls**		**Puts**	
2200	119	[illegible]	30	[illegible]
2300	62	[illegible]	71	[illegible]
2450	27	[illegible]	135	[illegible]
[illegible]	Sep	Nov	Sep	Nov
[illegible]	78	57	1	15
[illegible]	34	29	9	37
[illegible]	10	14	35	72
Cocoa	Sep	Dec	Sep	Dec
600	31	57	15	25
625	19	44	28	37
650	11	34	45	52
Brent [illegible]	Aug	Sep	Aug	Sep
1850	41	78	15	34
1900	15	50	38	100
1950	3	31	86	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	367.9	368.2	367.0	367.0
Aug	369.4	369.9	369.8	367.8
Sep	371.1	371.6	369.7	369.7
Oct	372.9	373.4	373.1	371.8
Dec	376.4	376.9	376.4	375.0
Feb	379.9	380.5	379.7	379.5
Apr	383.4	384.0	382.5	382.4
Jun	386.9	3387.5	0	0
Aug	390.6	391.2	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	379.9	381.5	380.0	378.0
Oct	384.9	387.0	385.5	383.6
Jan	389.4	391.5	390.5	389.0
Apr	393.4	395.5	393.5	393.5
Jul	397.4	399.5	0	0
Oct	403.9	406.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	440.6	443.9	442.0	438.0
Aug	442.5	445.8	0	0
Sep	445.5	448.8	446.5	440.0
Dec	453.4	456.7	454.0	449.0
Jan	455.6	458.8	0	0
Mar	462.0	465.3	462.5	458.5
May	467.9	471.2	465.5	465.0
Jul	473.8	477.1	0	0
Sep	480.4	483.7	0	0
Dec	490.5	493.8	489.5	489.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
Jul	103.20	101.40	103.25	101.00
Aug	103.45	101.60	103.40	102.15
Sep	103.45	101.20	103.60	100.60
Oct	102.85	100.60	102.20	101.10
Nov	102.20	100.00	101.50	100.80
Dec	101.55	99.50	101.55	99.20
Jan	100.90	98.90	0	0
Feb	100.35	98.35	0	0
Mar	99.75	97.80	98.30	98.00
Apr	99.25	97.35	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	20.81	20.76	20.81	20.67
Sep	20.72	20.67	20.72	20.62
Nov	20.61	20.61	20.63	20.56
Dec	20.55	20.56	20.59	20.54
Jan	20.50	20.47	20.50	20.45
Feb	20.36	20.36	20.36	20.35
Apr	20.12	20.16	20.13	20.11
May	20.15	20.08	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	[illegible]	[illegible]	
Aug	[illegible]	5609	5650	5600
Sep	[illegible]	5740	5775	5740
Oct	[illegible]	5845	5875	5845
Dec	[illegible]	6030	6070	6030
Jan	[illegible]	6040	6075	6045
Feb	[illegible]	5920	5950	5935
Mar	[illegible]	5670	5690	5680
Apr	[illegible]	5460	5490	5460
May	[illegible]	5300	0	0

[illegible] tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	895	892	[illegible]	890
Sep	942	941	[illegible]	936
Dec	991	989	[illegible]	984
Mar	1035	1032	1039	1028
May	1063	1060	1067	1060
Jul	1093	1090	1095	1086
Sep	1123	1115	1122	1103
Dec	[illegible]	1155	0	0
Mar	1203	1195	0	0
May	[illegible]	[illegible]	0	0

COFFEE "C" 37,500lbs; [illegible]

	Close	Previous	High/Low	
Jul	85.20	85.25	85.60	85.00
Sep	88.85	88.80	87.25	86.30
Dec	90.10	90.20	90.40	89.90
Mar	93.30	93.25	93.50	93.10
May	95.70	95.65	95.50	95.40
Jul	97.90	97.75	97.85	97.70
Sep	99.50	99.75	99.85	99.85
Dec	103.00	103.25	103.25	103.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.44	8.48	8.53	8.36
Mar	8.30	8.28	8.37	8.24
May	8.36	8.32	8.43	8.33
Jul	8.46	8.45	8.48	8.40
Oct	8.60	8.63	8.60	8.60

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	71.13	69.50	71.25	69.70
Oct	72.65	72.90	73.20	71.80
Dec	70.64	70.07	70.85	70.07
Mar	[illegible]	71.11	72.15	71.30
May	72.45	71.75	73.00	72.05
Jul	73.00	72.25	73.35	72.60
Oct	69.78	69.02	70.25	69.17

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	116.75	114.25	117.90	115.60
Sep	116.40	114.85	117.50	115.30
Nov	116.25	115.00	117.25	116.00
Jan	116.00	115.45	116.20	115.50
Mar	116.05	115.50	116.60	116.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Jul.2	Jul.1	mnth ago	yr ago
[illegible]	1755.5	1725.8	1856.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul.1	Jun 28	mnth ago	yr ago
Spot	126.93	[illegible]	126.39	[illegible]
Futures	124.23	124.43	128.76	133.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	531/2	532/4	539/0	528/4
Aug	531/6	534/6	540/4	528/4
Sep	532/0	536/2	542/0	528/0
Nov	538/2	543/0	548/4	532/0
Jan	547/2	553/2	559/0	542/4
Mar	557/4	564/6	569/4	552/4
May	566/2	574/4	579/0	562/0
Jul	572/0	582/0	586/0	569/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	18.78	18.78	18.98	18.70
Aug	18.87	18.85	19.10	18.79
Sep	19.04	19.00	19.25	18.97
Oct	19.18	19.16	19.37	19.11
Dec	19.54	19.51	19.73	19.42
Jan	19.65	19.65	19.85	19.63
Mar	19.95	19.92	20.20	19.95
May	[illegible]	20.22	20.30	[illegible]
Jul	20.46	20.37	20.50	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	163.3	161.5	163.9	160.1
Aug	164.1	163.6	165.8	161.7
Sep	164.2	164.6	165.8	162.5
Oct	164.3	165.0	167.0	162.5
Dec	164.3	166.1	168.0	162.8
Jan	165.1	167.3	169.0	164.3
Mar	167.2	1169.2	171.0	166.5
May	167.5	169.5	169.4	167.0
Jul	169.5	170.7	172.0	169.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	232/6	231/2	237/2	228/4
Sep	229/0	229/2	234/2	225/0
Dec	230/2	231/6	236/4	226/0
Mar	238/0	239/4	244/0	233/6
May	243/4	244/2	249/0	239/4
Jul	248/4	249/0	253/0	244/0
Sep	245/0	247/0	0	0
Dec	244/0	246/0	247/0	243/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	264/0	267/0	270/0	261/0
Sep	275/2	275/6	279/0	270/4
Dec	287/4	290/4	293/0	284/4
Mar	295/0	298/0	299/4	291/4
May	294/0	298/0	298/4	293/0
Jul	287/0	289/2	293/0	287/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	[illegible]	High/Low	
Aug	73.07	[illegible]	73.30	72.77
Oct	75.17	[illegible]	75.35	74.82
Dec	[illegible]	[illegible]	75.87	75.50
Feb	[illegible]	[illegible]	75.17	74.80
Apr	[illegible]	75.25	75.80	75.25
Jun	[illegible]	73.40	73.65	73.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	53.75	53.20	53.95	53.20
Aug	49.95	49.07	49.45	48.50
Oct	43.10	43.70	43.60	42.75
Dec	43.45	43.97	43.90	43.10
Feb	43.27	43.52	43.70	[illegible]
Apr	41.65	41.95	42.15	[illegible]
Jun	45.70	45.90	45.90	45.70

PORK BELLIES [illegible]

	Close	Previous	High/Low	
Jul	47.70	49.70	47.70	[illegible]
Aug	43.65	45.65	43.65	[illegible]
Feb	45.62	47.62	46.90	[illegible]
Mar	45.40	46.97	46.40	[illegible]
May	46.10	47.60	46.80	46.10
Jul	47.70	49.70	48.40	47.70

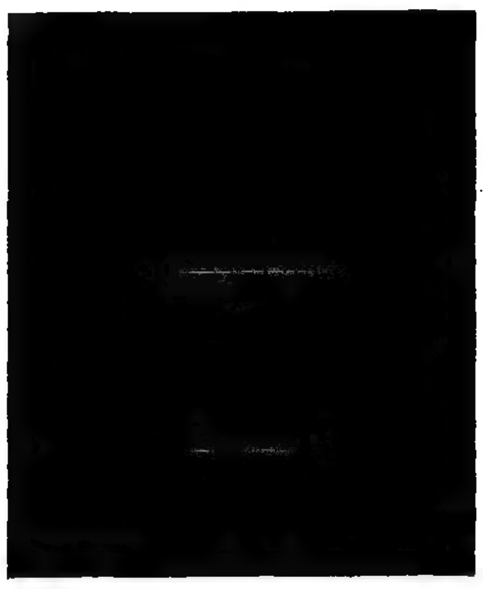
European Annual Reports 3

CAP GEMINI SOGETI 25

CAP GEMINI SOGETI, [redacted] independent and public [redacted] with [redacted] *19,000 employees, is one of the leading computer* professional services companies in the world and the largest in Europe. In [redacted] GEMINI SOGETI realized consolidated revenues of FF. 9.17 [redacted] distributed among the United States (CGA) and Europe. Net profitability after [redacted] FF 623 million (+17%), which [redacted] of revenue.
The company is registered on the Monthly Settlement Market of the Paris Stock Exchange and its leadership is acknowledged in all advanced software technologies.

CIMENTS FRANÇAIS 26

THE WORLD'S [redacted] CEMENT PRODUCER
[redacted] ready-mixed concrete, concrete products.
Operations in 15 countries
Consolidated key figures 1990:
Sales: 15.5 billion FF (+24%) of which almost half [redacted] generated outside France
Operating income: [redacted] billion FF (+35.6%)
Chairman [redacted] Executive Officer: [redacted]



HAVAS 27

Havas [redacted] unique [redacted] Europe through a network [redacted] active in [redacted] advertising, free sheets, directories, international multimedia representation, travel [redacted] business, full-service [redacted] publishing and pay-TV.
Listed on the Paris stock exchange, traded on London's SEAQ International, and present [redacted] the US through ADRs, Havas [redacted] 98th in Europe in terms of market capitalization, making it one of Europe's [redacted] communications group.
[redacted] & Chief Executive Officer: Pierre DAUZIER.

KVÆRNER A.S. 28

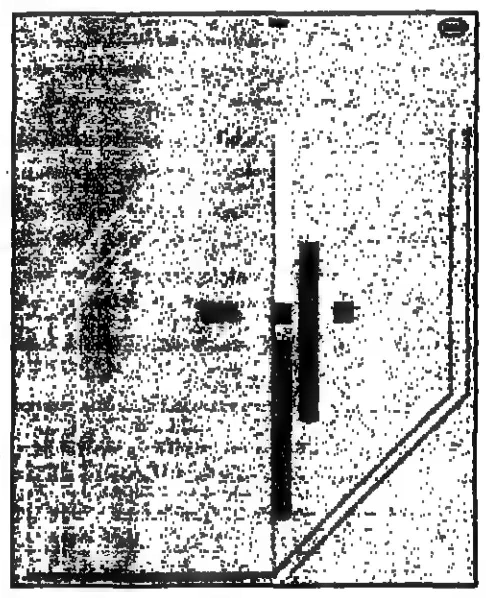
Kværner [redacted] an international [redacted] in Norway. Exports are increasing, and foreign-based operations [redacted] expanded considerably through [redacted] acquisition of Britain's Govan shipyard [redacted] the Kamyr group [redacted] Kværner [redacted] Yards in Finland [redacted]).
The group's main [redacted] areas [redacted] engineering, offshore installations, consultant engineering, pulp [redacted] shipping.
Operating revenue [redacted] 1990 totalled NOK [redacted] million.
Consolidated pre-tax profit was [redacted] 1,046 million. [redacted] 17,000 employees.

Lyonnaise des Eaux-Dumez 29

The group Lyonnaise des Eaux-Dumez works in fields that contribute to improving quality of life in urban [redacted]. It specializes in construction and development, environment-related domains, services to communities.
Group workforce totals 110,000, and revenues in 1990 were 72 billion French francs. Net income after minorities was 1.425 billion francs. Earnings per share rose 17.6% from 26.8 francs in 1989 to 31.6 in 1990.

PEUGEOT S.A. 30

The PSA Group is Europe's third largest automobile manufacturer, with 12,9% of the European market in 1990 and 2.220.000 vehicles produced.
First French car manufacturer with 33,1% of the French market, PSA is also France's largest exporter, with FF 72 billion in export sales.
In 1990, PSA had sales of FF 160 billion and earned net income of FF 9,3 billion.
Chairman and Chief Executive Officer: Jacques Calvet



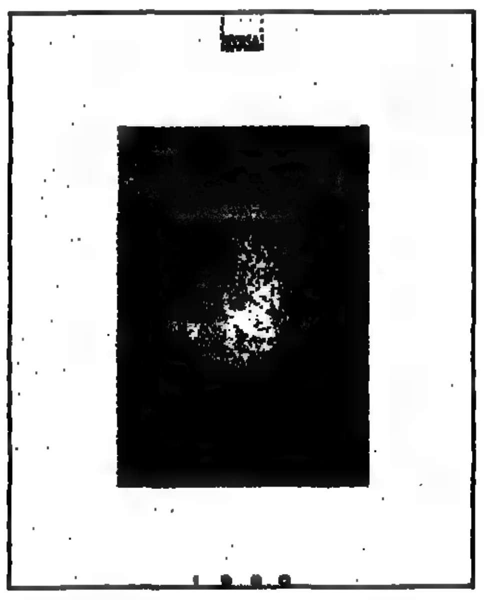
ROCHE 31

Roche is a Swiss-based international health care group employing over 52,000 people worldwide. It is a research-driven company with a leading position in biotechnology and activities covering the entire health spectrum of prevention, diagnosis and treatment *of disease. In addition to pharmaceuticals Roche is also engaged* in the fields of vitamins and fine chemicals, diagnostics, fragrances and flavors as well as liquid crystals.
In 1990 Roche Group consolidated sales amounted to Sfr. 9,670 million (US$ 6,957 million). Consolidated net income was Sfr. 948 million (US$ 682 million). Group research [redacted] development expenditure reached [redacted] 1,444 million [redacted] 1,039 million).

SANOFI 32

An international [redacted] with a staff of 35,000 serving [redacted] cause of Life.
[redacted] amounting to more than 33 billion French francs in [redacted] countries.
[redacted] major [redacted] Human [redacted]
Two synergistic segments: Bio-Activities, Perfumes and Beauty [redacted]
[redacted] strong commitment [redacted] Research and Development: R&D expenditure totalling [redacted] billion French [redacted]

Chairman [redacted] Chief [redacted] Jean-François DEHECQ.

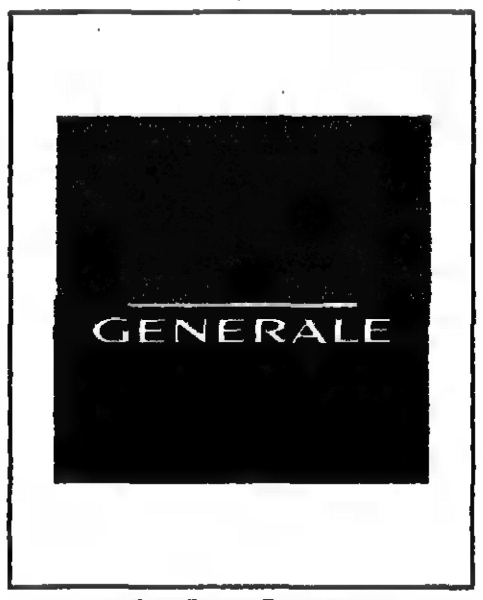


SCOR S.A. [redacted]

SCOR SA, fifth reinsurer in the world confirms its presence on the main international markets [redacted] 1990 and the financial strength of its new structures.
Our 1990 consolidated net profit is stable compared to 1989.

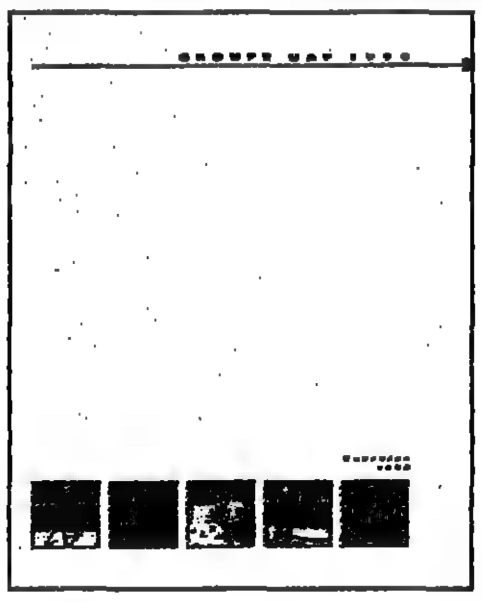
Key Figures (millions FF)	
[redacted] premiums	11,196
Net profit* (group share)	[redacted]
Shareholder's equity (Group share)	4,415

*Before exceptional [redacted]



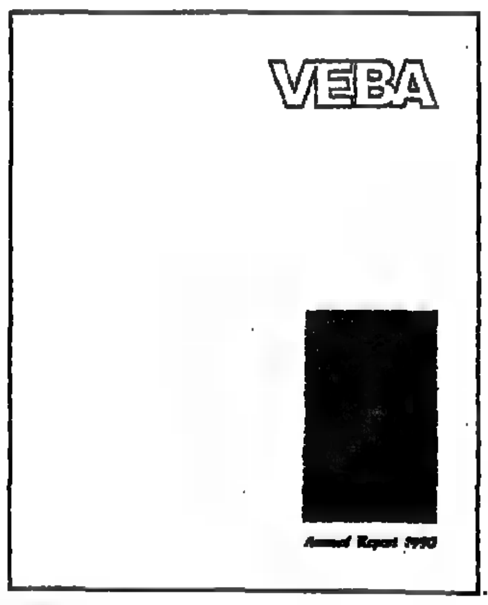
SOCIÉTÉ GÉNÉRALE 34

4th largest French bank, 7th in Europe and 20th worldwide in terms of total assets (source The Banker – July 1990).
Present in 62 countries.
Full range of banking and financial services.
Number one worldwide in currency options, and in gold and silver options. Second worldwide in the issuing of warrants.
World's number one leasing network through Sogelease. [redacted] major international player in securities management with FF 240 [redacted] in funds under management at 1990 year end. One of the best country risk coverage ratios.
1990: consolidated net [redacted] FF. 2.678 billion.



UAP 35

In 1990, UAP strengthened its position as the leading insurance group in France and the second largest in Europe.
UAP managed to gain market share in life and non life insurance despite increasingly fierce competition in both branches and a turbulent [redacted] and political environment.
UAP's [redacted] performance is [redacted] its systematic policy of *improving products while reducing costs, its active pursuit of* International growth, and its dynamic program of external expansion (including the consolidation of Victoire and GESA).



VEBA 36

High Capital Spending for East Germany:
[redacted] among [redacted] electricity, chemicals, oil [redacted] trading/transportation/services [redacted] In [redacted] Group again achieved good results. Net income after minority interests reached DM 1,209 million. All [redacted] areas contributed to an 11% growth in [redacted] up [redacted] 55 billion. VEBA is planning to [redacted] 30 billion worldwide *up* [redacted] *about 26% of which* will [redacted] placed in [redacted] Länder [redacted] East Germany.

Please send me the following Annual Reports:

☐ 25	CAP GEMINI SOGETI	☐ 31	ROCHE
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☐ 27	HAVAS	☐ [redacted]	SCOR S.A.
☐ 28	KVÆRNER A.S.	☐ 34	SOCIÉTÉ GÉNÉRALE
☐ [redacted]	LYONNAISE DES EAUX-DUMEZ	☐ 35	UAP
☐ 30	PEUGEOT S.A.	☐ [redacted]	VEBA

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☐ [redacted]	CELSIUS	☐ 17	ORKLA BOREGAARD A.S.	☐ 21	SKANDIA
☐ 14	CERUS	☐ 18	PLM	☐ [redacted]	SKF
☐ 15	CPR	☐ 19	S.E. Banken	☐ 23	SNECMA
☐ 16	NOBEL INDUSTRIES Sweden	☐ 20	SCA	☐ 24	BP

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هكذا من الأصل

LONDON STOCK EXCHANGE

London prices advance on US data

Account Dealing Dates		
*First Dealings:		
[illegible] 17	Jul 1	Jul 15
Option Declarations:		
Jun 27	Jul 11	Jul 25
Last Dealings:		
Jun 28	Jul 12	Jul 26
Account Day:		
Jul 8	Jul 22	Aug [illegible]

*New-time dealings may take place from 9.00 am two business days earlier.

THE CAUTIOUS revival in base rate optimism continued to spur UK equities ahead yesterday, extending the market's recovery to 10 points above the FT-SE 2,450 mark lost so dramatically last week. Trading volume remained unexciting but traders identified a number of put-through trades, in which lines of stock are traded between institutions at the mid-prices [illegible] on trading screens.

Wall Street's gain of 51 Dow points overnight prompted hints that a cut in US interest rates might be in the offing following the reduction in the Japanese discount rate on Monday. London money market rates [illegible] some support yesterday to hopes in the equity sector that another half-point reduction in domestic base rates might not be more than two weeks away.

There was little sign of reaction to the growing crisis in Yugoslavia, which affected some European markets. Morgan Stanley commented that US and UK financial assets might command "safe haven" premiums if instability in eastern Europe damaged economic activity in western Europe.

A further boost to confidence came from the latest data on the US economy, disclosing that factory orders had risen by 2.9 per cent in May, for the second straight monthly rise and the largest increase for more than a year. Mr John Major, the UK prime minister, repeated his confidence in a recovery in the domestic economy in the second half of this year.

The UK market opened higher but was swiftly pulled back when the futures markets opened with the FT-SE September contract showing a discount to the fair value premium against the cash market. This discouraged the market for the next hour or so.

Investors returned to the equity market at mid-morning and share prices gained ground on a fairly gentle buying flow. A firm dollar brought renewed support for such US currency earners as Glaxo and Grand Metropolitan.

Share prices began to move up smartly and, encouraged by an early gain of 6.48 Dow points as New York opened the new session, London closed virtually at the day's best.

At its final reading, the FT-SE Index was 16.6 up at 2,460.2. The swift recovery to the lower end of the trading range of FT-SE 2,450 to 2,550 has followed the steadier trend in both the Tokyo and New York markets, together with an improvement in recent opinion poll ratings of Britain's governing Conservative party.

Seaq-reported trading volume, which takes in both intra-market and also retail business in equities, was slow for most of the day but improved towards the close of the session. The final total of 462.7m shares compared with 356.1m in the previous session.

However, Seaq volume has proved an unreliable guide to the value of genuine investment business in recent sessions. More detailed statistics from the Stock Exchange have shown that on Friday, when Seaq volume was a good but by no means exceptional 544.8m shares, customer interest in equities jumped to £1.6bn, one of the highest daily totals for many weeks.

Some traders are hoping that the impending season of interim results from British companies will stimulate a market rally in August, which has traditionally been a firm, if quiet, period for the London market. However, there was little response yesterday to the trading figures from GEC, which disappointed the market by leaving the dividend unchanged.

Abbey preferred in banks

STOCKBROKER UBS Phillips & Drew promoted much of the day's keenest activity in the banks by recommending a switch from Midland Bank into Abbey National. "Sell blunderbank, switch into superbank," said UBS's banking team. Abbey shares climbed 6 to 270p *on good turnover of* 3.3m, while Midland closed marginally ahead at 185p on 1m.

UBS added: "Abbey's quality as an inherently reliable cash generating machine is not reflected in the share price, particularly when compared with other clearing banks." UBS expects Abbey to achieve interim profits of £303m, up 8 per cent on last year, and an 11 per cent increase in the interim dividend to 3.5p when it reports on July 31.

The broker expected bad debt provisions of £80m would compare favourably with other banks, but added that [illegible] arrears and possession cases had stopped growing, suggesting the worst was *over in terms of provisioning.*

UBS halved its current year dividend forecasts for Midland, from 3p and 6p to 1½p and 3p respectively, and said Midland's new management was likely to "clear the decks" with the interim figures – pencilled in for August 2 – which were "likely to bring forth really disastrous results".

On UBS's projections, Midland's yield for 1991 is 3.3 per cent and for 1992 is 4.3 per cent. Abbey, meanwhile, is on a yield above 6 per cent, said the Swiss-owned broker.

Hillsdown higher

Hillsdown rose strongly before the close as at least two stockbrokers took a more positive view on one of 1991's worst performing food manufacturing stocks. The shares closed 12 higher at 222p.

Analysts at Smith New Court said after meeting Hillsdown management that they had decided not to lower their current year [illegible] of £205m but rather to [illegible] their buy recommendation.

Mr Charlie Mills of UBS Phillips & Drew, another visitor to Hillsdown, said the shares had been oversold. "They look as if they have been wiped out for no good reason."

Although [illegible] depressing Hillsdown's property and furniture interests, these divisions (which account for only 10 per cent of earnings) [illegible] performing no *worse than expected, said* Mr Julian Lakin of Smith New Court.

Fuel distribution group Anglo United firmed ⅛ to 31⅛p on a recorded turnover of [illegible] in the fully paid shares after placing the rump of its £25m rights issue at 31⅛p a share through its joint brokers Collins Stewart and Charterhouse Tilney.

The issue was first announced on June 10 as a one-for-three offer at 31p a share. *Some 70.5m shares were* taken up by the deadline on Monday and the remaining 12.4m were placed with institutions yesterday. Mr Mike [illegible] born [illegible]: "Under the market conditions we have had, the issue has had pretty solid support." The cash call was made to pay off the outstanding part of a bridging loan that Anglo took out to finance its [illegible] takeover of the much larger Coalite group in [illegible].

Relief that Ofwat did not adopt a more aggressive stance towards the water companies triggered support for the Water Package, which advanced £95 to £2635.

County NatWest WoodMac reiterated its positive opinions on Wellcome and Glaxo. The broker is particularly keen on the former, arguing, among other things, that the potential of its virus drug Zovirax was underestimated by the market. County said Glaxo should be bought by many funds that were underweight in the stock. Wellcome rose 12 to 871p and Glaxo firmed 12 to 1269p.

There was general disappointment with full year figures from GEC. The electronics group's profits of £818m were 8 per cent down on the previous year and at the bottom end of the range of forecasts, while the dividend total was flat at 9.25p.

GEC shares, which crept up to 195½p ahead of the results, subsequently drifted back to close a net 3 off at 190p with turnover reaching a higher than usual 8.4m shares.

Amstrad lost 2 more to 47p on good turnover of 4.7m, upset by the effect of keen interest in the traded options market, where there was buying of the September 50 puts.

BP picked up towards the close after announcing a gas/condensate discovery in the North Sea, in conjuction with Enterprise and Goal. The big job cuts at Shell Oil, its US subsidiary, helped to sustain Shell, which added 3 at 526p.

Clyde, responding to buy recommendations from Smith New Court and S.G. Warburg, rose 4 to 107p, but a profits downgrading left Burmah Castrol 6 off at [illegible]p. P & O dipped 5 to 551p on renewed speculation that there could soon be a rights issue to reduce the group's gearing level and fund an acquisition.

[illegible] continued to climb on to the bearish bandwagon over the state of UK beer sales. Yesterday it was the turns of County NatWest and Credit *Lyonnais Laing to issue cautious* notes on the sector.

County trimmed forecasts for Whitbread, Allied-Lyons and Bass, three of the four drinks major stocks which Laing also reckons a sell. Laing argues against the conventional *wisdom* that brewing and distilling is a safe haven in a recession. In common with other securities houses, it argues that the real price of drink has increased to a level where it is seen as an *expensive pastime.*

Allied slipped 4 to 520p, Bass ended unchanged at 914p and Whitbread [illegible] 452p. Laing also recommended selling Guinness, down 2 at 967p.

A difficult placing was said to be behind a fall of 23 to 283p in Wardle Storeys, the plastic *fabric* and safety equipment manufacturer. Traders said the price had [illegible] for the past few days as stock overhung the market but the final 50,000 shares were placed yesterday.

Siebe continued to rise on a stronger dollar and following an analysts' visit to the company's US subsidiary Foxboro. County NatWest issued a note, based on the visit, which was well-received by fund managers yesterday and the shares gained 13 to 462p.

An analyst's cut in profits forecast affected Coats Viyella and the shares drifted off 4 to 145p. Mr Khaleeq Taimuri of Carr Kitcat & Aitken reduced his 1991 figure by £8m to £112m after speaking to the company.

Rentokil, which had gained ground in advance of its inclusion in the FT-SE Index on Monday, lost 6 to 316p on profit-taking. Courtaulds also *slipped as profits were realised.* It had risen sharply the previous day amid a company presentation and yesterday it lost 5 to 412p.

There was a revival in speculation that Philip Morris, the US food company, may launch a bid in Europe soon. Potential UK targets are said to include United Biscuits, up 5 at 368p, and Cadbury Schweppes, 10 stronger at 359p.

NatWest moved up 8 to 304p on 2.1m traded as Morgan *Stanley, the US investment* bank, shifted its long-held sell label on the shares to buy.

Mr Alan Boughton at Morgan Stanley said the change reflected NatWest's dismal performance over the past year and the bank's long-term attractions. But he also acknowledged NatWest's "uncertain" capital position and said the bank's capital ratios were among the weakest in the sector this year, affected by bad debts and the [illegible] effect on its balance sheet.

TI moved ahead 11 to 521p *on belief that US economic* recovery would benefit the company. About 40 per cent of the group's profits [illegible] from the US.

[illegible] two-way volume of 8.2m shares was noted in British Steel following Monday's poor results. The shares edged forward ¼ to 125¼p.

British Aerospace [illegible] ground early in the day as fears surfaced that a price war in the UK could affect profits at its Rover car subsidiary, but *it rallied to close only a penny* down at 576p.

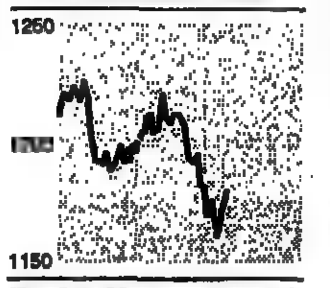
Footsie-quoted paper specialist Arjo Wiggins Appleton put on [illegible] to 248p as Kleinwort Benson reiterated its buy recomendation on the stock. Mr Jonathan Helliwell at Kleinwort said the benefits of last year's merger between Arjomari, of France, and Wiggins Teape Appleton were beginning to come through.

MEPC shares were depressed by talk that two brokers were arguing that second-half figures would be lower than expected. The stock slipped 7 to 441p.

Crest Nicholson crumpled as it stunned the market with a loss of £23.9m and omitted the interim dividend. The shares slumped 20 to 62p, after 58p.

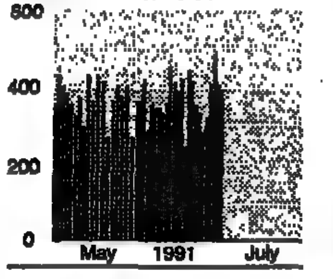
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 21.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (60).

BRITISH FUNDS (3) Treas. 8pc 1991, Treas. 3pc 1992, Treas. 2pc IL 1992, AMERICANS (8) [illegible] Amer. Cyanamid, Bell Atlantic, FPL, Household Inds., [illegible], NYNEX, Pall, Southwestern Bell, BANKS (1) Natl. Aust., BREWERS (1) Fosters, CHEMICALS (1) Engelhard, STORES (3) Casket, Coles Myer, In Shops, ELECTRICALS (1) Sage, FOODS (4) Dalepak, Farepak, JLI, Jacob (WR), INDUSTRIALS (7) BH Prop., CSR, China Light, Essette B, Patterson Zochonis A, Quotient, Swire Pacific A, INSURANCE (3) Lloyd Thompson, Marsh McLennan, USLIFE, LEISURE [illegible] PAPERS (2) Abbot Mead Vickers, Gold Greenlees Trott, [illegible] (1) Land Lease, SOUTH [illegible] (1) Gold Fields Prop., TRANSPORT (1) Mayne Nickless, TRUSTS (2) Law Deb., Leveraged Oppty., OILS (1) [illegible] (18) Anglo Am. Gold, [illegible] Pacific, Driefontein, Elandsrand, FS Cons., Gencor, Gold Fields SA, Homestake, Julia, Kloof, North Broken Hill Peko, OFS Invs., Southvaal, Unisel, Vaal Reefs, Western Deep, Western Mining.

NEW LOWS (54).

BANKS (1) Guinness Mahon, BUILDINGS (6) BMSS, Crest Nicholson, Ibstock Johnsen, Shorco, Tarmac, Turiff, CHEMICALS (1) Evode, STORES (3) Austin Reed, Burton, Sears, ELECTRICALS (2) Amstrad, Standard Platform, ENGINEERING (1) Howden, FOODS (1) [illegible], INDUSTRIALS (13) Amber, Assoc. Brit. [illegible] 8pc, Dyson (J & J), Hadleigh, [illegible], Melville Rentaminster, Rock, Ropner, Sale Tilney, Stormgard, Tams (J), Tubular Edgington, LEISURE (3) Anglia TV, TV-am, Thames TV, MOTORS (1) Plaxton, PROPERTY (8) [illegible], Gt. Portland Ests. [illegible], Standard [illegible] City [illegible] (7) [illegible], [illegible] Investment [illegible], Murray Ventures, Natl. Home Loans, Do. 7½pc Prf., WATER (1) Welsh, [illegible] (5) Atlantic Res., Cairn Energy, Mid. & Scot. Res., Richmond Oil & Gas, XCL Sunrise, PLANTATIONS (1) Anglo-Eastern.

FINANCIAL TIMES STOCK INDICES

	July 2	July 1	June 28	June 27	June 26	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	83.69	83.89	83.60	83.43	83.45	[illegible]	85.88 (19/2)	[illegible] (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	[illegible]	[illegible]	92.95	92.81	[illegible]	88.05	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1907.2	1898.7	1877.9	1912.0	1901.5	1894.7	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	[illegible]	203.9	201.0	197.5	198.2	181.3	209.1 ([illegible])	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	[illegible]	[illegible]	[illegible]	2452.5	2437.3	2371.7	2545.3 (5/4)	2054.8 (16/1)	[illegible] (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1143.96	1141.96	[illegible]	1147.11	1142.01	-	1192.11 (5/6)	938.82 ([illegible])	1192.11 (5/6/91)	938.62 ([illegible])
●Ord. Div. Yield	[illegible]	4.98	5.04	4.96	[illegible]	4.88				
●Earning Yld %(full)	8.72	8.76	8.85	8.71	8.76	10.78				
●P/E Ratio(Net)(★)	14.11	14.05	13.88	14.12	14.04	11.24				
SEAQ Bargains 4.45pm	22,165	[illegible]	26,779	25,728	[illegible]	[illegible]				
Equity Turnover(£m)†	-	[illegible]	1572.26	1768.15	[illegible]	[illegible]				
Equity Bargains†	-	[illegible]	[illegible]	25,964	25,029	[illegible]				
[illegible] Traded (ml)†	-	395.0	[illegible]	476.5	408.4	417.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/[illegible] 1000 FT-SE [illegible] & FT-SE Eurotrack 200 [illegible]. ★ Nil 13.52

Ordinary Share Index, Hourly changes Day's High [illegible] Day's Low 1896.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
[illegible]	1902.1	1897.3	1899.2	1902.4	1902.7	1902.2	1902.4	1907.8

FT-SE 100, Hourly changes Day's High 2460.4 Day's Low 2444.4

Open	9 am	10 am	11 am	12 pm	1 pm	[illegible] pm	[illegible] pm	4 pm
2455.2	2451.0	2445.1	2448.1	2452.1	2453.2	2452.8	2452.3	2459.0

FT-SE Eurotrack 200, Hourly changes Day's High 1144.07 Day's Low 1139.93

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1141.22	1139.98	1141.37	1142.52	1142.91	1142.92	1142.25

GILT EDGED ACTIVITY

[illegible]	July 1	June 28
Gilt Edged Bargains	84.0	84.0
5 – Day average	78.7	78.1

*SE Activity 1974. †Excluding [illegible] & [illegible] turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	45	422	+5
[illegible] Group	2,700	94	-½
Abbey National	4,300	270	+6
Albert Fisher	258	118	
Allied-Lyons	923	520	-4
Amstrad	5,000	47	-2
Anglian Water	7,000	263	+6
Argos	67	294	+1
Argyll Group	3,100	299	+2
Arjo Wiggins	[illegible]	[illegible]	+5
Ass. Brit. Foods	182	627	+5
BAA	1,300	[illegible]	+2
BAT Inds	1,100	[illegible]	+23
BET	1,200	172	+1
BICC	414	429	+7
BOC	1,000	570	+4
BPB Inds.	1,600	179	+2
BTR	2,400	381	+3
Bank of Scotland	425	104	+1
Barclays	4,100	[illegible]	-2
Bass	455	914	
Beazer	350	86	-1
Berisford Int.	417	37	
Blue Circle	[illegible]	243	+4
Boots	[illegible]	337	+3
Bowater	67	600	+1
Brit. Aerospace	660	[illegible]	-1
[illegible]	1,600	[illegible]	+1
[illegible]	4,100	[illegible]	+4½
British Land	[illegible]	277	-2
BP	3,600	331½	+4
British Steel	8,200	125¼	+¼
British Telecom	4,400	359	+1
[illegible]	958	81	+2
[illegible]	711	[illegible]	-8
[illegible]	2,400	[illegible]	
Cable & Wire.	2,600	[illegible]	+8
Cadburys	2,250	[illegible]	+10
Calor Group	675	[illegible]	-2
[illegible]	839	462	-1
[illegible]	3,600	145	-4
Comm. [illegible]	180	497	+7
Cookson	303	105	-1
Courtaulds	700	412	-5
Dalgety	175	379	+4
De La Rue	344	391	+1
Dixons	697	207	
ECC Group	445	422	+8
Eastern Elec.	381	171	+3
East Midland Elect.	153	185	+2
Enterprise Oil	842	523	+1
Eurotunnel Units	72	483	
FKI	700	80	
Ferranti	584	10	
Fisons	683	482	+2
Forte	1,600	242	-4
Gen. Accident	478	634	+4
General Elec.	8,400	190	-3
Glaxo	4,100	1269	+12
Glynwed Int.	174	309	
Granada	289	142	-1
Grand Met.	3,100	747	+7
GUS A	85	1800	[illegible]
GRE	412	198	
GKN	205	345	
Guinness	939	967	-2
Hammerson 'A'	60	[illegible]	+5
Hanson	7,200	205½	+3½
Hanson Warrants	402	32½	
Harrisons Crosfield	1,100	132	+4
Hawker Sidd.	497	626	-3
Hillsdown	2,100	222	+12
[illegible]	394	226	
ICI	735	1251	+5
Inchcape	1,100	547	+7
Kingfisher	2,800	478	+7
Ladbroke	3,700	237	-3
Land Securities	789	475	-1
Laporte	224	661	
Legal & General	605	410	+6
Lloyds Abbey	489	399	+4
Lloyds Bank	1,800	529	+5
LASMO	874	337	-3
London Elect.	333	188	+4
Lonrho	1,700	245	+1
Lucas	1,100	140	-2
MB Caradon	805	220	+4
MEPC	428	441	-7
Manweb	464	224	-1
Marks & Spencer	1,800	245	+2
Maxwell Comms.	187	200	+1
Midland Bank	1,000	185	+1
Midlands Elect.	416	184	+1
NatWest Bank	2,100	[illegible]	[illegible]
National Power	2,700	[illegible]	-1
Next	[illegible]	[illegible]	
[illegible]	3,100	302	+10
Northern Elect.	384	182	+1
Northern Foods	[illegible]	471	+2
Norweb	[illegible]	196	+5
Pearson	131	682	-7
P & O	838	551	-5
Pilkington	511	132	
PowerGen	4,700	141	
[illegible]	[illegible]	227	+3
RHM	1,000	280	+5
RMC	316	643	+1
RTZ	685	580	+6
Racal	2,800	214	+4
[illegible] Telecom	679	[illegible]	+5
[illegible] Org	[illegible]	[illegible]	+1
[illegible] & Colman	[illegible]	[illegible]	+16
[illegible]land	1,300	399	+2
[illegible]	1,400	404	+3
Reg. Elect. Pkg Uts	25	[illegible]	[illegible]
Rentokil	137	316	-6
Reuters	438	777	+6
Rolls Royce	5,000	150	-1
Rothmans	639	865	+1
Ryl Bk Scotland	201	179	+2
Royal Insurance	1,100	[illegible]	+1
Saatchi	5,600	13	
Sainsbury	882	382	+2
Scottish & New.	1,450	384	+2
Scot. Hydro-Elect.	3,900	114	+1
Scottish Power	5,400	105½	+½
Sears	4,000	73	+1
Sedgwick	1,100	287	+1
Seaboard	0	185	+6
Severn Trent Water	3,100	237	+7
Shell Transport	2,300	528	+3
Siebe	624	462	+13
Slough Ests	453	226	
Smith (W.H.) A	213	377	+2
Smith & Nephew	2,800	130½	+½
[illegible]	[illegible]	787	+3
[illegible]	118	3340	+7
Smiths Inds.	417	252	[illegible]
Southern Elect.	574	[illegible]	+2
[illegible]	206	265	
[illegible]	923	289	+12
South West. Elect.	321	187	+6
Southern Water	845	293	+10
Standard Chartd.	254	341	+6
Storehouse	2,200	102	+4
Sun Alliance	186	389	+1
T&N	213	[illegible]	+2
TI Group	386	521	+11
TSB	1,600	139	
Tarmac	1,500	219	+4
Tate & Lyle	690	375	+4
Taylor Woodrow	596	215	+2
Tesco	5,600	[illegible]	+2
Thames Water	2,400	[illegible]	+4
Thorn EMI	153	[illegible]	+3
Trafalgar House	1,000	330	
Ultramar	538	393	+1
Unigate	374	297	+2
Unilever	1,100	768	+1
United Biscuits	1,400	368	+5
Utd. Newspapers	287	345	+8
[illegible]age Uts.	[illegible]	[illegible]	+95
Wellcome	1,000	871	+12
Welsh Water	605	371	
Wessex Water	480	385	+8
Whitbread 'A'	348	452	-2
Williams Hldgs.	1,100	[illegible]	+3
Willis Corroon	911	[illegible]	-7
Wimpey	276	[illegible]	+4
Yorkshire Elect.	[illegible]	211½	-½
Yorkshire Water	600	291	+6

Based on the trading volume for a selection [illegible] securities [illegible] system yesterday [illegible] 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

UK EQUITY index futures failed to share the same level of optimism as the stock market yesterday, the September FT-SE 100 contract registering a smaller rise on the day than the spot FT-SE index.

In early dealing there appeared to be *few signs* that the rally of the previous session would be extended and dealers generally [illegible] positions.

Some buyers appeared, however, as sterling's strength fuelled speculation that there could soon be a half-point cut in UK interest rates.

There were also worries that US shares might weaken but in the event Wall Street moved gently higher, and for the rest of the session futures edged upwards.

The September FT-SE closed 12 points higher at [illegible]. Another sign of the futures market's unease was the lead which it commanded over the cash market. September finished 28 points above the spot index compared with fair value of 32.

Dealing levels in the options market remained depressed. The highlights included buyers of July 2,500 calls, hoping for the FT-SE to reach that level by the end of the month.

Buyers of Amstrad September 50 put options appeared as worries grew that its recently announced provisions may be too small. The shares ended 2 lower at 47p.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⅞	98½	Treas 10pc Cv '91‡‡	99⅞	.....	10.01	11.28
100⅛	99⅜	Exch. 11pc 1991	100	+⅛	11.00	10.73
98⅞	96⅞	Treas. 8pc 1991	98⅞	+⅛	8.08	10.38
101½	100⅛	Treas 12¾pc 1992‡‡	101⅞xd	.....	12.60	10.53
99¾	97⅞	Treas 10pc 1992	99⅞	.....	10.03	10.48
98⅜	95⅞	Treas. 8pc 1992‡‡	98⅜	.....	8.14	10.33
100⅜	98½	Treas 10½pc Cv 1992‡‡	100⅛	.....	10.49	10.39
95⅝	91⅜	Treas. 3pc 1992	95⅛	+⅛	3.15	8.30
102⅛	100⅝	Exch. 12¼pc '92	102	.....	12.01	10.37
104⅛	102⅜	Exch 13½pc 1992	103⅜	.....	13.05	10.29
97⅛	94	Treas 8¾pc 1993	97⅛	.....	8.49	10.18
99¾	97⅝	Treas 10pc 1993‡‡	99⅝	.....	[illegible].04	10.24
104⅜	102⅝	Treas 12½pc 1993‡‡	103⅝	.....	12.03	10.31
93⅜	89⅝	Funding 6pc 1993‡‡	93⅛	.....	6.43	9.42
108⅜	105⅝	Treas 13¾pc 1993‡‡	106⅝	.....	12.86	10.33
96	92⅞	Treas. 8½pc 1994	96xd	.....	[illegible]	10.27
111⅛	108⅛	Treas 14½pc 1994‡‡	109⅝	.....	13.25	10.28
109	105⅞	Exch 13½pc 1994	[illegible]	-⅛	12.58	10.38
99⅞	96⅞	Treas. 10pc Ln. 1994‡‡	99⅛	-⅛	10.09	10.31
106⅞	103⅝	Exch. 12¼pc 1994	105⅞	-⅛	11.86	10.43
96⅞	93¼	Treas 9pc 1994‡‡	[illegible]	+⅛	[illegible].37	10.35
106⅞	102⅞	Treas 12pc 1995	[illegible]xd	-⅛	11.48	10.40
89	82¼	Exch 3pc Gas 90-95	86¼	+¼	3.48	7.06
100⅜	96⅜	Exch. 10¼pc 1995	[illegible]xd	-⅛	10.31	10.40
109⅞	105⅞	Treas 12¾pc 1995‡‡	107⅞	.....	11.82	10.42
113⅜	109⅞	Treas. 14pc '96	111⅝xd	-⅛	12.54	10.68
96⅞	92⅞	Treas. 9pc 1992-96‡‡	95⅞	-⅛	9.39	10.06
119⅞	115⅞	Treas 15¼pc 1996‡‡	116⅞	-⅛	13.06	10.65
112¼	108	Exch 13¼pc 1996‡‡	109⅝	.....	12.09	10.62
		Five to Fifteen Years				
100⅛	95⅞	Conversion 10pc 1996	98¼	-⅛	10.18	10.38
99⅛	97¼	Do. 10pc 1996 B	98⅛	-⅛	10.11	10.26
113⅞	108⅛	Treas 13¼pc 1997‡‡	110⅞xd	-⅛	11.98	10.63
102⅞	97¼	Exch 10½pc 1997	99⅞	.....	10.51	10.50
94⅞	89⅞	Treas 8¾pc 1997‡‡	92¼	+⅛	9.49	10.43
122⅜	117	Exch 15pc 1997	118⅝	+⅛	12.63	10.77
98⅞	93⅞	Exch. 9¾pc 1998	96⅜	+⅛	10.12	10.49
[illegible]	80⅝	Treas 6¾pc 1995-98‡‡	84½	+⅛	7.99	9.89
127⅞	121¼	Treas. 15½pc '98‡‡	123⅞	+⅛	12.54	10.68
109⅞	104⅛	Exch. 12pc 1998	106⅞	+⅛	11.23	10.59
97⅞	92⅞	Treas 9½pc 1999‡‡	95⅜	+⅛	9.96	10.36
111⅞	105⅞	Exch. 12¼pc 1999	108⅜	+⅛	11.32	10.61
102⅝	97⅜	Treas. 10½pc 1999	99⅝	+⅛	10.53	10.50
101⅛	95⅞	Conversion 10¼pc 1999	98⅜	+⅛	10.42	10.49
94⅞	89⅝	Conversion 9pc 2000‡‡	92⅜	+⅛	9.75	10.33
116⅞	110½	Treas. 13pc 2000	113	+⅛	11.50	10.69
100⅛	94⅜	Treas 10pc 2001	97⅜	+⅛	10.29	10.45
37⅞	36⅜	Do. 10pc 2001 B●	37⅜	+⅛	10.29	10.44
118⅞	113⅜	Treas. 14pc '98-01	115⅞	+⅛	12.17	10.79

BRITISH FUNDS – Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
98⅝	[illegible]	Treas 9¾pc 2002	95¼	+⅛	10.24	[illegible]
[illegible]	[illegible]	Treas 10pc 2003	97	+⅛	[illegible].31	[illegible]
[illegible]	[illegible]	Treas. 11½pc 2001-04	104⅞	+⅛	[illegible].97	[illegible]
[illegible]	[illegible]	Funding 3½pc '99-04	57⅜	-⅛	6.12	9.17
97⅞	[illegible]	Conversion 9½pc 2004	93¾	+⅛	10.13	10.35
97⅛	[illegible]	Conversion 9½pc 2005	93⅞	+⅛	10.13	10.32
118⅛	[illegible]	Treas. 12½pc 2003-05	113⅝	+⅛	11.00	10.47
		Over Fifteen Years				
88⅛	79⅞	Treas. 8pc 2002-06‡‡	82¼	+⅛	9.73	10.32
[illegible]	[illegible]	Treas. 11¾pc 2003-07	108⅞xd	+⅛	10.84	10.45
[illegible]	[illegible]	Treas 8½pc 2007‡‡	86¾	+⅛	9.80	[illegible]
[illegible]	118⅞	Treas. 13½pc '04-08	128⅞	+⅛	11.16	[illegible]
[illegible]	88⅜	Treas. 9pc 2008‡‡	90⅞	+⅛	[illegible].92	[illegible]
94	89⅜	Do. 9pc 2008 C	90⅞	+⅛	[illegible].71	[illegible]
[illegible]	80	Treas 8pc 2009	82⅝	+⅛	[illegible].71	10.12
94⅝	88⅜	Conv 9pc Ln 2011‡‡	90⅜	+⅛	[illegible].94	10.11
[illegible]	58⅞	Treas. 5½pc 2008-12‡‡	60⅜	.....	[illegible].12	10.02
[illegible]	76⅞	Treas. 7¾pc 2012-15‡‡	78⅞xd	+⅛	9.85	10.12
[illegible]	113⅜	Exch 12pc '13-'17	115⅞	-⅛	10.36	10.16
		Undated				
40⅛	37⅞	Consols 4pc	38⅞xd	+⅛	10.41	–
35⅞	33⅜	War Loan 3½pc‡‡	34¼	+⅛	10.22	–
[illegible]	57¼	Conv 3½pc '61 Aft.	58⅛	+⅛	6.03	–
[illegible]	28¼	Treas. 3pc '66 Aft.	28⅞	+⅛	10.41	–
25⅝	23⅝	Consols 2½pc	24⅞xd	+⅛	10.28	–
25⅛	23⅞	Treas 2½pc	24⅛	+⅛	10.39	–
		Index-Linked				
		(b)			(1)	(2)
[illegible]	[illegible]	Tr. 2pc '92‡‡ (97.8)	129⅞	.....	1.60	[illegible]
[illegible]	[illegible]	Do. 2'94 (102.9)	117⅞	.....	3.74	4.[illegible]
[illegible]	[illegible]	Do. 2pc '96 (67.9)	171⅜	.....	3.76	[illegible]
142⅝	[illegible]	Do 2½pc '01 (78.3)	141	+⅛	4.03	[illegible]
138⅞	133	Do. 2½pc '03 (78.8)	136⅝	+⅛	4.11	[illegible]
140⅛	135	Do. 2pc '06 (69.5)	138¼	+⅛	4.17	[illegible]
[illegible]	[illegible]	Do. 2½pc '09 (78.8)	126⅞	+⅛	4.21	[illegible]
[illegible]	[illegible]	Do. 2½pc '11 (74.6)	130⅜	+⅛	4.22	4.39
[illegible]	[illegible]	Do. 2½pc '13 (89.2)	107⅜	+⅛	4.22	4.38
117½	113⅞	Do. 2½pc '16 (81.6)	114½xd	+⅛	4.19	[illegible]
113⅞	109⅞	Do. 2½pc '20 (83.0)	110⅛	+⅛	4.15	4.29
95⅛	91⅞	Do. 2½pc '24‡‡ (97.7)	92¼	+⅛	4.10	4.23

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Afric[illegible]	99⅞	+⅛	11.17	[illegible]
[illegible]	[illegible]	Asian [illegible]	94⅞	+⅛	10.79	[illegible]
[illegible]	[illegible]	Int-A[illegible]	109⅛	+⅛	11.45	11.07
[illegible]	[illegible]	Do. 9¼pc Ln 2015	89⅞	+⅛	10.87	10.97
[illegible]	101	Utd. Mexican States 16½pc 2008	121	.....	13.64	13.36

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	100½	.....	11.44	11.44
[illegible]	[illegible]	[illegible]	96½	.....	6.99	11.30
115⅛	110½	[illegible] 2006	113⅛	.....	11.89	11.58
30	28	[illegible] Irrd.	30	.....	11.67	–
27	26	[illegible] '20	26	.....	11.54	–
103½	97⅛	[illegible] 11¾pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	84½	5th Rhod. 87-92 Asstd.	98	.....	–	–

LOANS

Building [illegible]

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104½	102½	N'wide Anglia 3⅝pc Ln 2021	102½	.....	–	5.54
107	104¼	Do. 4.25pcIL '24	104⅛	-⅛	–	5.16

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	52	Met. Wtr. 3pc 'B'	62	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	[illegible]
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	[illegible]
50	50	Do 4pc Mixed Ass.	50	.....	2	[illegible]
55	55	Hung. '24 Ass.	55	.....	[illegible]75	[illegible]
128	120⅛	Hydro Quebec 15pc 2011	124⅞	+⅛	12.89	11.77

Continued on next page

APPOINTMENTS

New chief executive at Ever Ready

■ *Mr Ian Stewart* has been appointed chief executive of BRITISH EVER READY from the end of this month when he succeeds Mr Michael H. Johnson who is retiring. Mr Stewart was chief executive of Lindustries. Both companies are divisions of Hanson.

■ MANUFACTURERS HANOVER TRUST COMPANY has appointed Mr Robert Kretowicz as managing director in charge of mergers and acquisitions in Europe. He was co-head of mergers and acquisitions in the London office of Salomon Brothers.

■ PARK TOWER GROUP, New York, has appointed Mr Christopher Kennedy as managing director from July 15 of its affiliate Park Tower International, London. He was a main board director of Speyhawk.

■ Mr Kenneth Broster has been appointed managing director of RAVENSTOCK TAM (HOLDINGS), a subsidiary of Goode Durrant.

■ Mr Peter Price has been appointed an investment director of LLOYDS INVESTMENT MANAGERS, part of Lloyds Merchant Bank. He was with Bankers Trust Investment Managers.

■ *Mr Verner Bach Pedersen* has been appointed to the board of PICKWICK GROUP, and after a transition period will become director of European operations outside the UK. He is chief executive of group subsidiary Elap Music, Denmark.

Mr Eugene Lines *(pictured)* has been appointed finance director of J.H. DEWHURST. He was director of finance for the hotel, catering and restaurant group in Allied Breweries.

■ Mr Hans Zeidler has been appointed managing director of the shot blast division of EUROVEIN, Sheffield. The division includes Spencer & Halstead in the UK, Gutmann in Germany, and Pangborn Europe in Italy.

■ Ms Nicola Horlick, a director of Mercury Specialist Management, with her team colleagues Mr Charles Curtis and Mr James Goulding, will *be joining* MORGAN GRENFELL ASSET MANAGEMENT. Ms Horlick will be appointed a director of MGAM in due course.

■ REG VARDY has appointed Miss Esmee Slattery as a non-executive director, the first woman to join the board. She was a tax partner with Price Waterhouse in Newcastle. Mr David Goatley joins the executive board. He was for many years with Perry Group, and then for a year with D.C. Cook.

■ Mr Peter Gregory, Mr Michael Baur, Dr Karl Evers, Mr Sandy Swinton and Mrs Midori Ffrench have been appointed directors of BARCLAYS de ZOETE WEDD SECURITIES.

■ Mr Gerald Francis Mortimer has been appointed a non-executive director of BOOSEY & HAWKES. He is economics adviser and an associate director of Smiths Industries.

■ Mr Alan Fraser has been appointed a director of CHANTRY WEB, Wakefield, a Watmoughs (Holdings) subsidiary.

■ Mr Pierre Dardalhon has been appointed managing director of CAPITAL HOME LOANS, a UK mortgage company owned by Société Générale and Credit Foncier de France. He was with SocGen's capital markets division in Paris.

■ *ASHTEAD GROUP has* appointed Mr Safa Ashkuri as chief executive, specialist equipment division. He was head of operations for new fields at BP Exploration Company.

■ Mr Roger Jansen has been appointed a director of Nicholson Stewart-Brown, and Mr David Menzies a director of Nicholson Chamberlain Colls North American Reinsurance Brokers, both companies in the NICHOLSON CHAMBERLAIN COLLS Lloyd's broking group.

Mr Roger Davis *(pictured)* has been appointed head of the accounting and audit practice at COOPERS & LYBRAND DELOITTE. He was a senior audit partner.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free [illegible] ring the FT Cityline help desk on 071-925-2128

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
32¼	20⅞	Abbott Laboratories	32¼	–⅛	$1.00	–	
385p	257p	♦Allegheny & W 1c	303p	–5	30c	–	
10¼	667p	Amdahl 5c	933p	+33	10c	–	
41⅞	25⅝	Amer. Cyanamid $5	41⅞	+1⅛	$1.50	–	
17⅞	9⅞	Amer. Express 60c	13⅞	–⅛	92c	–	
23⅞	15¼	American T. & T. $1	23⅜	+⅛	$1.32	–	
38⅞	32½	Ameritech $1	38¼	+1¼	$3.40	–	
24	12⅞	BankAmerica $1⅞	22⅝	+⅛	$1.20	–	
34¼	20¼	Bankers N.Y. $1	30⅜	+1⅛	$1.52	–	
30½	24¼	Bell Atlantic $1	30½	+1½	$2.52	–	
31¼	25	BellSouth Corp	30½	+¼	$2.76	–	
11¼	6⅞	♦Bethlehem Steel $8	10	–⅛	40c	–	
1839p	1046p	Bowater Inc	1677p	–13	$1.20	–	
9½	4½	Brunswick 75c	8⅝	–⅛	44c	–	
54	37⅞	CPC Intnl. 25c	53¼	+¼	$2.00	–	
852p	420p	California Engy	785p	+20	–	–	–
50	28¼	Campbell Soup 15c	45¼	+⅜	$1.16	–	1.5
12¼	5⅞	Chase Manhattan $12½	10¼	–1	$1.20	–	7.0
8⅞	5½	Chrysler $6¼	8⅞		60c	–	4.0
10¼	5⅞	Citicorp $1	9		$1.00	–	6.6
23	21⅞	Colgate-Palmolive $1	22⅞	–⅛	$1.08	–	2.7
845p	438p	Cont'l Bank Corp $4	700p	+8	$1.00	–	8.4
21¼	13⅞	Dana Corp. $1	20⅞	+⅛	$1.60	–	4.6
1056p	203p	Data General	972p	+65	–	–	–
22	12⅞	Dial Corp. $1.5	21⅞	+⅛	$1.40	–	3.9
29¼	20⅞	Dun & Bradstreet $1	29¼	+¼	$2.16	–	4.3
39	24¼	Eaton Corpn. 50c	38¼	+⅜	$2.20	–	–
8¼	5¼	Echlin Inc	8⅛	–⅛	70c	–	
19	14⅞	FPL Group 1c	19	+⅛	$2.40	–	
29⅞	17⅞	Fluor Corp 62½c	29⅛	+⅛	32c	–	

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

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LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
492	155	Airtours 10p	443xd	+8	t8.25	2.9	2.5	13.9
*108	71½	Allied Leis. 5p	88	-1	F4.75	3.5	7.2	6.2
246	146	Anglia TV	148	.....	9.26	2.4	8.5	6.6
31	14	Avesco 1p	24	-1	1.5	♦	8.7	♦
9	4½	BBGE Hldgs 5p	6	.....	—	—	—	—
178	123	Barr & W.A.T. 'A'	157	-1	9.75	2.6	8.3	10.1
685	425	Boosey & Hawkes	655	.....	26.4	2.7	5.3	13.1
43	34	Border T.V.	41½	-½	2.1	1.1	6.7	18.6
[illegible]								

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT – Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

FINANCE, LAND, ETC

WATER

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	261	Anglian Water £1	269xd	+6	17.5	q3.4	6.9	7.4
[illegible]	135	East Surrey Water 10p	170	.....	8.0	2.7	6.3	(6.4)
[illegible]	155	Mid Kent Hldgs £1	175	.....	a9.67	♦	7.4	♦
[illegible]	248	North West Water £1	262xd	+10	18.0	q2.5	7.2	6.1
[illegible]	256	Northumbrian Water	266xd	+9	18.6	q2.9	7.4	5.1
[illegible]	226	Severn Trent £1	237xd	+7	17.55	q3.0	7.6	4.8
[illegible]	221	Southern Water £1	233xd	+10	17.7	q2.5	7.8	5.7
[illegible]	236	Sth West Water £1	250xd	+12	20.0	q2.7	8.3	4.9
[illegible]								

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
4	2½	Croesus Mining N.L.	3½	+¼	—	—	—
43	17	Delta Gold 25c	42	.....	—	—	—
42	28	Dominion Mining	40	+1	t04c	7.8	4.8
17	11	Doral Resources	17	+1	Q1c	—	2.7
4	1½	Dragon Mining	3	.....	n	—	—
28	20	Emperor Mines	27	+3	—	—	—
5½	3	Forsayth NL	4	.....	—	—	—
32½	19½	GM Kalgoorlie 5c	31½	.....	—	—	—
47	29	Gwalia Cons. 20c	39	+1	Q8c	1.6	9.6
[illegible]							
26	17	Greenwich Res 5p	19	.....			
£10¾	£7¾	Homestake Mining $1	£10¾	+⅜	Q20c	—	1.1
61	30	Iberemia West	57	+1	—	—	—
46	36	Kells Mins. Ir5p	36	.....	—	—	—
29	9	Kenmare	19½	+½	—	—	—
18	15	Navan Resources	18	.....	—	—	—
99	52	Northgate Expl. C$1	78	.....	—	—	—
16	6	North West Expl.	7	.....	—	—	—
108	25	Nor-Quest Res.	108	.....	—	—	—
188	82	Oryx Gold Hldgs	173	.....	—	—	—
23	11	Ovoca Gold IR 2p	15	-1	—	—	—
44	24	Plateau Mining 20p	27	.....	—	—	—
573	404	RTZ 10p	568	+6	19.5	2.2	4.6
10	3½	Thorco Res. Inc.	7	.....	—	—	—
10	5	Vizcaya Hldgs 5p	5	.....	—	—	—
135	120	Young Group 10p	125	.....	5.2	♦	5.6

Tins

Miscellaneous

NOTES

[illegible] exchange dealing classifications are indicated to the right [illegible] names: α Alpha refers to shares traded through SEAQ [illegible] two marketmakers and with a normal market size of [illegible] more, based on experience of how many of its shares are [illegible] the typical deal. β Beta refers to all other shares. [illegible] refers to other traded instruments.
[illegible] lows are based on intra-day [illegible] indicated, prices and net dividends [illegible] tions are 25p. Estimated price/[illegible] based on latest annual reports and [illegible] are updated on half-yearly figures. [illegible] distribution basis, earnings per share [illegible] after taxation and unrelieved ACT [illegible] figures indicate 10 per cent or [illegible] on "[illegible]" distribution. Cover [illegible] "[illegible]" distribution; this compares gross [illegible] profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields [illegible] middle prices, are gross, adjusted to ACT of 25 per cent [illegible] for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are [illegible] Trusts, in pence per share, along with the [illegible] (Dis) or premiums (Pm –) to the current [illegible] The NAV basis assumes prior charges at par [illegible] converted and warrants exercised if dilution [illegible]

- ● "Tap Stock"
- * Highs and lows [illegible] thus have been adjusted to allow for rights issues for cash
- † Interim [illegible] or resumed
- ‡ Interim [illegible] passed or deferred
- ‡‡ Tax-free [illegible] application
- ◆ Figures or report awaited
- ♥ Not [illegible], dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ▣ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	640xd	.....
Finlay Pkg. 5p	27	.....
Holt (Jos) 25p	1975	.....
Helton Hldgs.	43	.....
IRG	128½	.....
United Drug	170	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£99¾	.....
9pc Cap Ln. 1996	£97½	-½
Fin. 13% 97/02	£114½	.....
Arnotts	155	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	68
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	58
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	38
Lucas Inds.	15
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord.	43
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	48

Property

Stock	p
Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Aviva Petlm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	38

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: [illegible]

TIME: [illegible] The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. [illegible]

HISTORIC PRICING: The letter H denotes [illegible]

FORWARD PRICING: The letter F denotes [illegible]

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Albany Life Assurance Co Ltd—Contd.

Century Life Plc

Crusader Insurance PLC

Assicurazioni GENERALI SpA

Legal & General (Unit Pensions) Ltd

Merchant Investors Assurance Co Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are [illegible] on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To [illegible] your free Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or –	Yield Gross
Life Managed Fd	105.2	110.7	+0.4	–
Pension Managed Fd	102.0	107.4	+0.6	–
Life Deposit Fd	107.8	113.5	+0.1	–
Pension Deposit Fd	113.1	119.1	+0.1	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed Cautionary	106.2	111.8	-1.9	–
Managed Growth	135.1	142.3	-2.1	–
Managed Opportunity	137.6	144.9	-2.5	–
NFMC Target Financial	99.8	105.1	+0.4	–
Pension Funds				
Managed Cautionary	116.6	122.8	-1.7	–
Managed Growth	142.9	150.5	-2.9	–
Managed Opportunity	137.9	145.2	-2.4	–
NFMC Target Mngd Pen	1506.8	1586.2	+9.5	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW [illegible] 422422

	Bid Price	Offer Price	+ or –	Yield Gross
Harvester Pension Funds				
Managed	160.6	169.1	–	–
UK Equity	165.3	174.1	–	–
Overseas Equity	140.6	148.0	–	–
Fixed Interest	141.8	149.3	–	–
Property	127.9	134.7	–	–
Index Linked	146.5	154.3	–	–
Deposit	157.5	165.8	–	–
With Profits (B)	129.2	136.0	–	–

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or –	Yield Gross
Managed	347.9	366.3	[illegible]	–
UK Equity	429.4	452.1	[illegible]	–
Overseas Eq	352.6	371.2	[illegible]	–
American	292.6	308.1	[illegible]	–
Far East	387.4	408.0	[illegible]	–
Property	190.1	200.2	[illegible]	–
Fixed Int	257.3	270.9	-0.1	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or –	Yield Gross
Initial Equity	148.0	156.5	+0.5	–
Accum Equity	212.5	224.0	+0.5	–
Accum Managed	224.0	236.0	+1.0	–
Accum Five Star	171.0	180.5	+0.5	–
Accum World	124.0	131.0	+0.5	–
Accum LifeLine	108.3	108.3	-0.3	–
Pens Acc Equity	227.0	239.5	+0.5	–
Pens Acc Managed	278.0	293.0	+1.5	–
Pens Acc Intl	217.0	229.0	+3.0	–
Pens Acc Deposit	199.5	211.0	–	–
Pens Acc Five Star	187.0	197.5	+1.0	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 [illegible]

	Bid Price	Offer Price	+ or –	Yield Gross
UK Equity Acc	218.3	230.3	-0.2	–
UK Fixed Int Acc	173.3	182.9	+0.6	–
Intl Equities Acc	179.8	189.7	+1.5	–
UK Managed Acc	170.8	180.1	–	–
Property Acc	224.1	236.4	-0.1	–
Money Acc	129.6	136.8	–	–
Special Market Acc	143.5	151.4	+2.6	–
Japan Equity Acc	108.7	114.7	-0.1	–
North American Acc	111.5	117.7	+2.5	–
Pacific Acc	99.4	104.9	+0.9	–
Technology Acc	126.5	133.5	+0.5	–
Nat Resources Acc	64.0	67.6	+1.1	–
European Acc	100.8	106.4	–	–
Residential Prop Acc	96.2	101.5	–	–
Swiss Equities Acc	35.1	37.1	+0.1	–
Hong Kong Acc	68.7	72.5	+0.9	–
UK High Inc Eq Acc	70.7	74.6	+0.1	–
Int Fixed Interest Acc	57.3	60.5	+0.1	–
Int Managed Acc	57.2	60.3	+0.3	–
HIP Managed Acc	116.3	122.6	-0.5	–
HIP Managed II Acc	99.7	105.1	+0.8	–
HIP Managed III Acc	106.5	112.3	+0.9	–
Total Investment Bond				
UK Equity Initial	[illegible]		-0.1	–
UK Fixed Int Initial	[illegible]		+0.3	–
Intl Equities Initial		121.7	+1.1	–
UK Managed Initial		116.5	–	–
Property Initial		153.9	–	–
Money Initial		88.9	+0.1	–
Special Market Initial		111.5	+1.9	–
Japan Equity Initial		84.5	–	–
North American Initial		89.7	+1.8	–

Royal Heritage Life Assurance Ltd—Contd.

Shield Assurance Ltd

Swiss Life (UK) PLC

CMI Insurance Co Ltd—Contd.

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Financial Services Ltd

Gartmore Fund Managers Ltd

Hambros Fd Mgrs (CI) Ltd

Skandia Life Assurance Co Ltd (z)

Eagle Star Intl Financial Services

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Wellington Fd Mngrs (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd	$12.23	12.85	-0.15	–

Wells Fargo U.S. TT Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo A Shs (z)	$10.50		+0.04	–
Wells Fargo B Shs (z)	$10.78		-0.03	–

Xiphias International Investment Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Xiphias Int USD	$1.0550		–	–
Xiphias Int ECU	Ecu1.0659		–	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. y Previous day's price. ✻ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up against soft D-Mark

THE DOLLAR continued its recent advance, boosted by a larger than expected rise in US factory orders and by the general weakness of the D-Mark on political and economic factors. The US currency rose to its highest level against European currencies since November 1989.

US factory orders rose 2.9 per cent in May, following April's gain of 2.1 per cent. It was the largest monthly rise since March 1990, and was above market forecasts of around 2.1 per cent, providing further evidence that the US economy [illegible] recovering from recession.

The dollar remained in demand, following Monday's cut in the Japanese official discount rate, and as European currencies suffered from concern about Yugoslavia's slide towards civil war.

The dollar finished towards the top of the day's range in London, rising to DM1.8345 from DM1.8220; to Y138.75 from Y138.35; to SFr1.5800 from SFr1.5655; and to FFr6.2150 from FFr6.1700. On Bank of England figures the dollar's index climbed to 68.6 from 68.1.

In the European exchange rate mechanism the D-Mark remained around the middle of the grid, but had a soft tone. It lost ground to the Japanese yen, despite lower Tokyo interest rates, falling [illegible] Y75.65 from Y75.95 [illegible] the London close.

The D-Mark remained sensitive to the political situation in central Europe, suffering pressure on the Yugoslavian crisis. The market is also concerned that German unification will increase inflationary pressure and that there may be a return to withholding tax on investment income following last week's ruling by the German Federal Constitutional Court.

At the Frankfurt fixing the Bundesbank sold $50m as the dollar rose to DM1.8287 from DM1.8084. This was the highest fixing level since November 20, 1989, but dealers doubted that the move was anything more than a token gesture, noting that the central bank has not intervened on the open market since June 10.

Sterling stayed the third weakest member of the ERM, while tending to lose a little ground to most of its partners in the mechanism.

There was little reaction to the comment by Mr John Major, UK prime minister, that he expects the UK economy to move out of recession in the second half of the year. Mr Major was replying to a parliamentary question from Mr Neil Kinnock, leader of the opposition Labour party.

The pound fell 1.30 cents to $1.6020 against the strong dollar. It also declined to DM2.9400 from DM2.9425; to FFr9.9575 from FFr9.9650; and to Y222.25 from Y223.50, but rose to SFr2.5300 from SFr2.5275. Sterling's index lost 0.2 to 89.3.

In Paris the French franc fell to its lowest level against the dollar since November 1989, but was firmer against the D-Mark, as the German currency slipped to FFr3.3864 from FFr3.3867 at the fixing. The Spanish peseta improved slightly at the top of the ERM.

£ IN NEW YORK

July 2	Latest	Previous Close
£ Spot	1.6000-1.6005	1.6067-1.6077
1 month	0.73-0.71pm	0.79-0.77pm
3 months	2.00-1.97pm	1.99-1.96pm
12 months	5.58-5.48pm	5.63-5.53pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

Luxembourg	60.40 - 60.50	37.70 - 37.80
Malaysia	4.4765 - 4.4840	2.7910 - 2.7930
Mexico	4840.60 - 4845.20	3015.00 - 3016.00
N.Zealand	2.8230 - 2.8245	1.7550 - 1.7560
Saudi Ar	6.0095 - 6.0140	3.7500 - 3.7510
Singapore	2.8410 - 2.8480	1.7680 - 1.7700
S.Af (Cm)	4.6645 - 4.6755	2.9050 - 2.9065
S.Af (Fn)	5.2918 - 5.3795	3.2895 - 3.3445
Taiwan	43.65 - 43.75	27.15 - 27.20
U.A.E.	5.8835 - 5.9605	3.6720 - 3.6740

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 2	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.599	-3.77	5.12	63
Italian Lira	1538.24	1527.27	-0.71	1.89	46
Belgian Franc	42.4032	42.2810	-0.29	1.45	17
Dutch Guilder	2.31643	2.31474	-0.07	1.26	7
D-Mark	2.05586	2.05547	-0.02	1.18	7
Irish Punt	0.767417	0.768215	0.10	1.06	-1
Sterling	0.696904	0.698677	0.25	0.91	-6
French Franc	6.89509	6.96039	0.95	0.21	-48
Danish Krone	7.84195	7.93306	1.16	0.00	-50

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

Long term Eurodollars: two years 7⅛-7⅞ per cent; three years 8-7¾ per cent; four years 8⅛-8⅛ per cent; five years 8⅛-8⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 2	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.602	[illegible]	222.3	9.958	2.530	3.310	2183.	1.833	60.45	1.430
$	0.624	1	[illegible]	138.8	6.216	1.579	2.066	1363	1.144	37.73	0.893
DM	0.340	0.545	1	75.61	3.387	0.861	1.126	742.5	0.623	20.56	0.486
YEN	4.498	7.206	13.23	1000.	44.80	11.38	14.89	9820	8.246	271.9	6.433
F Fr.	1.004	1.609	2.952	223.2	10.	2.541	3.324	2192	1.841	60.70	1.436
S Fr.	0.395	0.633	1.162	87.87	3.936	1	1.308	862.8	0.725	23.89	0.565
H Fl.	0.302	0.484	0.888	67.16	3.008	0.764	1	659.5	0.554	18.26	0.432
Lira	0.458	0.734	1.347	101.8	4.562	1.159	1.516	1000.	0.840	27.69	0.655
C$	0.546	0.874	1.604	121.3	5.433	1.380	1.806	1191	1	32.98	0.780
B Fr.	1.654	2.650	4.864	367.7	16.47	4.185	5.476	3611	3.032	100.	2.366
ECU	0.699	1.120	2.056	155.5	6.964	1.769	2.315	1527	1.282	42.27	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE / LONDON (LIFFE) / CHICAGO

[illegible]

LONG-TERM FRENCH BOND (MATIF)

Strike	Calls Sept.	Calls Dec.	Calls March	Puts Sept.	Puts Dec.	Puts March
102	-	-	-	0.17	-	-
103	-	-	-	0.33	0.72	-
104	1.30	-	-	0.59	-	-
105	0.75	1.22	1.95	1.01	1.92	1.85
106	0.37	0.84	1.14	1.63	-	-
107	0.17	0.56	-	-	-	-
Open Int	109,442	26,718	3,200	123,619	19,751	10,200

Estimated [illegible] Total Open Interest 372,930

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm. Bk. of London Plc	11.5	[illegible]	11.5
Adam & Company	11.5	Co-operative Bank	11.5	[illegible]	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	[illegible]	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	[illegible]	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	[illegible]	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortgage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial [illegible] PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe [illegible] Ltd.	12.5
Bank Credit & Comm	11.5	Financial & Gen. Bank	12	Royal Bk [illegible]	11.5
Bank of Cyprus	11.5	First National Bank Plc.	14	● Smith & [illegible] Secs.	11.5
Bank of Ireland	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of India	11.5	Robert Fraser & Ptrs.	12	TSB	11.5
Bank of Scotland	11.5	Girobank	11.5	Unibank plc	11.5
Banque Belge Ltd	11.5	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Barclays Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
Brit Bk of Mid East	11.5	Heritable & Gen Inv Bnk.	11.5	Westpac Bank Corp.	11.5
● Brown Shipley	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
CL Bank Nederland	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
Citibank NA	11.5	Hongkong & Shanghai	11.5		
City Merchants Bank	11.5	● Leopold Joseph & Sons	11.5		
Clydesdale Bank	11.5	[illegible]	11.5		
		[illegible] Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.

POUND - DOLLAR

[illegible]

MONEY MARKETS

Rates little changed

SHORT-TERM interest rates had a slightly softer tone on the London money market yesterday, as speculation increased that the UK authorities will soon signal a cut in bank base rates. There was little change at the close however, against the background of uncertain international conditions.

Three-month sterling interbank touched 11⅛-11⅛, but closed unchanged 11¼-11⅛ per cent, while one-year money fell to 10¾-10⅝ a one time, before closing at 10¾-10⅝ per cent, against 10⅞-10⅞.

Prices of short sterling futures on Liffe showed little reaction, but the market is already discounting base rate cuts of 1 per cent by delivery of the September contract.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

September short sterling opened higher at 89.55 and closed at 89.53 compared with 89.52 previously, pointing to a three-month interbank rate of 10½ per cent at delivery.

Day-to-day credit was in short supply on the money market. The Bank of England initially forecast a shortage of £1,100m, but revised this to £1,150m at noon and to £1,300m in the afternoon. Assistance of £1,191m was provided.

An early round of help was offered and at that time the authorities bought £36m bills outright, by way of £4m bank bills in band 1 at 11⅜ per cent and £32m bank bills in band 2 at 11⅛ per cent. Before lunch another £759m bills were purchased, via £137m bank bills in band 1 at 11⅜ per cent and £622m bank bills in band 2 at 11⅛ per cent.

In the afternoon £221m bills were bought, through £40m Treasury bills in band 1 at 11⅜ per cent; £165m bank bills in band 1 at 11⅜ per cent; and £16m bank bills in band 2 at 11⅛ per cent. Late assistance of around £175m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £737m, with exchequer transactions absorbing £415m and bank balances below target £25m. These outweighed a fall in the note circulation adding £90m to liquidity.

In Frankfurt call money was unchanged at 8.9 per cent, remaining close to the Bundesbank's 9 per cent Lombard emergency financing rate as traders waited for the result of this week's securities repurchase agreement tender.

The central bank offered 29-day and 63-day liquidity at variable bid rates, offsetting two expiring facilities totalling DM46.5bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. [illegible]) 3 months US dollars		6 months US Dollars	
bid 6⅛	offer 6⅜	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

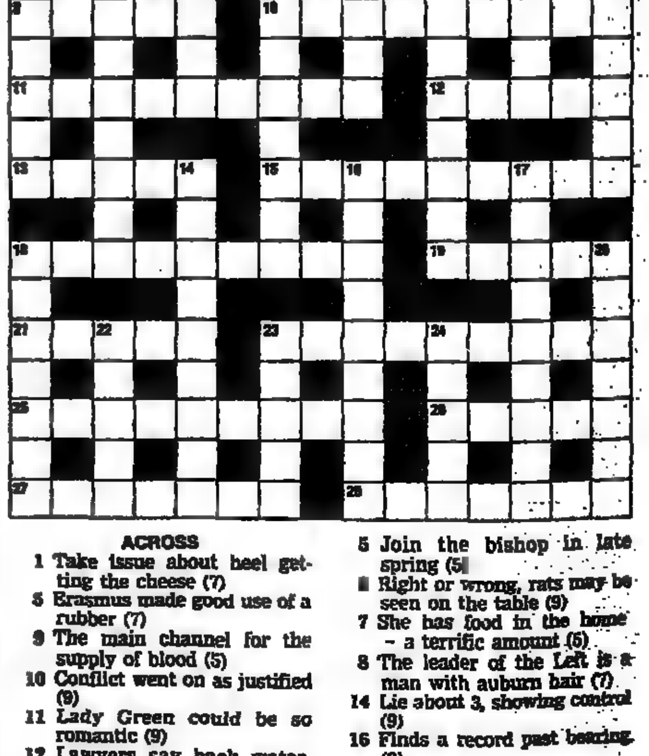
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,584 Set by VIXEN



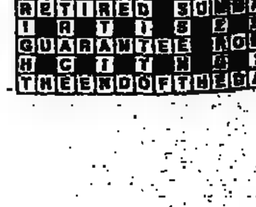
ACROSS

1 Take issue about heel getting the cheese (7)
5 Erasmus made good use of a rubber (7)
9 The main channel for the supply of blood (5)
10 Conflict went on as justified (9)
11 Lady Green could be so romantic (9)
12 Lawyers say back water-transport (5)
13 A topping building worker! (5)
15 Stole away when the youngster was asleep (9)
18 Parties arranged housing for hangers-on (9)
19 Many, getting poor return, fail (5)
21 Present of fathead to royalty (5)
23 The decoration of a golf club with foil (4,5)
25 Loathe serving mob in a tea-break (9)
26 The first precise article (5)
27 Allowing for expansion (7)
28 Reticence after framing the French (7)

DOWN

1 Clarets should of course be a bright red colour (7)
2 It's rough for the partisan (9)
3 Coaches give instruction (5)
4 Game to build modern shopping-centre (9)
5 Join the bishop in late spring (5)
6 Right or wrong, rats may be seen on the table (9)
7 She has food in the home – a terrific amount (5)
8 The leader of the Left is a man with auburn hair (7)
14 Lie about 3, showing control (9)
16 Finds a record past bearing (9)
17 Romp in too excited for encouragement (9)
18 Head holding cheat to get proof (7)
20 Back fool and sensible person – that's the way! (7)
22 Flowers left inside for congregation (5)
23 Bill when following one's a different man (5)
24 Fuel containing phosphorus and resin (5)

Solution to Puzzle No.7,583



WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS | SWEDEN (continued) | BELGIUM/LUXEMBOURG | SWITZERLAND | DENMARK | NORWAY | SPAIN | ITALY | SOUTH AFRICA | FINLAND | GERMANY | SWEDEN | FRANCE | JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | MALAYSIA | SINGAPORE

CANADA

TORONTO

3:00 pm prices July 2

Quotations in cents unless marked $

MONTREAL

3:00 pm prices July 2

INDICES

NEW YORK

DOW JONES	July 1	June 28	June 27	June 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
§Industrials	2958.41	2906.75	2934.93	2913.01	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.49	94.21	94.24	94.06	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1174.89	1151.45	1150.56	1146.69	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	199.57	196.87	199.20	197.81	220.89 (16/4)	196.87 (28/6)	236.23 (2/1/90)	10.50 (8/4/32)

§Day's High 2971.15 (2934.03) Low 2911.67 (2879.25)

STANDARD AND POOR'S

	July 1	June 28	June 27	June 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	377.92	371.16	374.40	371.59	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	450.57	442.06	446.38	433.17	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.38	28.98	29.20	29.09	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	206.67	203.47	204.94	203.54	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	360.66	358.12	359.43	358.54	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	481.31	475.92	476.24	473.08	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	June 28	June 21	June 14	year ago (approx.)
Dow Industrial Div. Yield	3.16	3.07	3.03	3.74

	Jun 26	Jun 19	Jun 12	year ago (approx.)
S & P Industrial div. yield	2.83	2.80	2.79	2.96
S & P Indl. P/E ratio	18.68	18.85	18.91	16.95

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Chase Pqc	2,211,600	28½	- 1¼
RJR Nabisco	2,051,200	10⅞	+ ⅛
Am Express	1,751,200	22⅞	+ ⅛
Pepsico	1,732,400	29	---
Philip Morris	1,728,500	65¼	+ 1⅞
Gen Motors	1,674,700	42⅛	+ 1½
First Interst	1,492,000	26⅛	- 5⅛
Fisher Wi	1,481,900	22⅝	.....
Telefonos	1,416,600	26¼	+ ⅛
Am T & T	1,415,300	38⅜	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	July 1	June 28	June 27
New York SE	166.880	162.670	155.820
Amex	11.150	12.721	9.291
NASDAQ	121.930	160.333	138.909
NYSE			
Issues Traded	2,066	2,050	2,043
Rises	1,166	660	938
Falls	451	915	577
Unchanged	444	483	528
New Highs	41	19	20
New Lows	11	32	16

CANADA TORONTO

	Jul 1	Jun 28	Jun 27	Jun 26	1991 HIGH	1991 LOW
Metals & Minerals	(c)	3175.24	3181.67	3181.36	3284.18 (5/3)	2632.06 (9/1)
Composite	(c)	3465.82	3474.61	3481.13	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	(c)	1835.23	1844.53	1845.31	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

AUSTRALIA: All Ordinaries (1/1/80); All Mining (1/1/80) — AUSTRIA: Credit Aktien (30/12/84) — BELGIUM: BEL20 (1/1/91) — DENMARK: Copenhagen SE (3/1/83) — FINLAND: HEX General (28/12/90) — FRANCE: CAC General (31/12/82); CAC 40 (31/12/87) — GERMANY: FAZ Aktien (31/12/58); Commerzbank (1/12/53); DAX (30/12/87) — HONG KONG: Hang Seng Bank (31/7/64) — IRELAND: ISEQ Overall (4/1/88) — ITALY: Banca Com. Ital. (1972) — JAPAN: Nikkei (16/5/49); Tokyo SE (Topix) (4/1/68); 2nd Section (4/1/68) — MALAYSIA: KLSE Composite (4/4/86) — NETHERLANDS: CBS Ttl.Rtn.Gen.(End 1983); CBS All Shr (End 1983) — NORWAY: Oslo SE (Ind) (2/1/83) — PHILIPPINES: Manila Comp (2/1/85) — SINGAPORE: SES All-Singapore (2/4/75) — SOUTH AFRICA: JSE Gold (28/9/78); JSE Industrial (28/9/78) — SOUTH KOREA**: Korea Comp Ex. (4/1/80) — SPAIN: Madrid SE (30/12/85) — SWEDEN: Affarsvarlden Gen. (1/2/37) — SWITZERLAND: Swiss Bank Ind. (31/12/58); SBC General (1/4/87) — TAIWAN**: Weighted Price (30/6/66) — THAILAND: Bangkok SET (30/4/75) — WORLD: M.S. Capital Intl.(1/1/70) (*)

**Saturday June 29. ‡ Subject to official recalculation. Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 2 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kitano Const.	11.8m	2,010	+10	Hitachi Zosen	5.8m	850	-12
Nippon Steel	9.1m	419	-6	Sharp	5.3m	1,580	+10
Casio Computer	9.0m	1,510	+10	NEC	4.2m	1,480	+40
Mitsubishi Heavy	7.4m	727	-7	Nomura Sec.	4.0m	1,740	+20
Hitachi	6.1m	1,180	+10	TDK	4.0m	5,250	+150

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable, x dealings suspended, xd ex dividend, xc ex scrip issue, xr ex rights, xa ex all. † Owing to problems at source, some S.African prices for July 1 were unavailable for yesterday's edition.

3:15 pm prices July 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15½	9¼	AAR Corp	0.48	0.03	16	341	15¼	14½	15¼	+⅞
16¾	14½	A L Labs A	0.18	0.01	18	186	16¾	16⅞	16½	+½
55½	40⅞	AMP Inc	1.44	0.03	19	880	51⅛	50½	51	
68⅝	44¼	AMR				181969	63⅛	61⅝	61⅞	−⅞
2⅝	1¼	ARX			7	16	1½	1½	1½	
53½	41½	ASA	3.50	0.07	15	806	52¼	51⅝	51⅞	−½
54	39¼	Abbott Lab	1.00	0.02	22	4274	52⅞	51⅞	52⅞	+⅞
14½	9⅞	Abitibi Pr	0.50	0.04	25	2	13⅝	13⅝	13⅝	
11⅝	10⅝	ACM Gvt In	1.25	0.11		603	11⅛	10⅞	11⅛	+⅛
9⅛	8⅝	ACM GvOpp	1.07	0.11		411	9⅛	9	9⅛	+⅛
9⅛	8¼	ACM Gvt Sp x	1.01	0.11		129	9⅛	9	9	−⅛
11	9⅞	ACM Gvt Sc x	1.26	0.12		363	10⅛	10¼	10⅜	+⅛
8⅞	7⅝	ACM Man	1.01	0.12		126	8⅜	8⅛	8¼	
12⅞	11½	ACM Managd	1.37	0.11		507	12¼	12⅛	12¼	+⅛
7½	4⅞	Acme Cleve	0.40	0.06	14	111	6⅛	5⅞	6¼	+⅛
6	3½	Acme Elect			41	24	4⅛	4	4⅛	+⅛
40	22¼	Acuson			22	3164	30	29¼	29⅞	
18½	14¼	Adams Expr	0.73	0.04	0	61	17⅞	17¼	17⅞	
20¼	16	AdobeI2Pf	2.40	0.13		6	18⅞	18¼	18⅞	+⅛
9⅛	6¼	Adobe Res			20	133	7¼	7⅛	7⅛	−⅛
39⅛	16	Ad Micro				273	34¼	34½	34¼	−½
14¼	4⅝	Ad Micro P	3.00	0.25	134	156	12⅞	11⅞	11⅞	−½
5⅛	2¼	Advest Grp	0.16	0.04	3	32	4½	4⅜	4⅜	
49¼	33⅞	Aetna Lf x	2.76	0.06	8	986	42⅞	42¼	42¼	+⅛
10⅝	9⅝	Affil A x	0.24	0.02	37	486	9⅛	9	9¼	+⅛
20¼	12	Ahmanson	0.88	0.05	101	133	18¼	17⅞	17½	−⅝
10¾	2⅞	Aileen Inc			14	658	11¼	10⅝	11⅛	+½
74⅛	51⅞	Air Pr Chm x	1.56	0.02	16	1057	69⅞	68⅞	68⅜	−⅞
26⅝	18⅝	Airbne Frt	0.30	0.01	15	317	24¼	24½	24⅛	
18⅞	12½	Airgas Inc			60	2	14⅝	14⅝	14⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

AMEX COMPOSITE PRICES

3:00 pm prices July 2

NASDAQ NATIONAL MARKET

3:15 pm prices July 2

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		29	411	21	20¾	20¾	
XL Data		15	1062	8½	7½	7½	-⅛
Xoma Corp		13	1352	24¾	24¾	24½	-⅛
Yellow Fr	0.94	14	950	30¾	30	30	-⅛
York Rsch		17	221	18¼	17¾	18	+¼
ZionBtn x	1.44	8	19	40¾	40	40	-¾

FINANCIAL TIMES
Wednesday July 3 1991

AMERICA

Equities pause despite factory orders increase

Wall Street

AFTER Monday's 52-point gain, share prices idled in a narrow range yesterday morning, in spite of yet more good news on the economy, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 8.50 at 2,966.91, having spent all *morning just a few points* above Monday's close. The more broadly based Standard & Poor's index also slumbered, standing 0.54 lower at 377.38 at 1 pm, while the Nasdaq composite of over-the-counter shares, burdened by weakness in a number of key stocks, fell 1.26 to 480.05. Turnover on the New York SE was 93m shares by 1 pm.

Consolidation had been expected in the wake of Monday's big rises. When the Commerce Department reported that factory orders rose a better-than-expected 2.9 per cent in May, it was no surprise that investors paid little attention. However, the figures should underpin the generally firm tone of the market in the approaching Independence Day holiday weekend, analysts said.

A string of stocks was affected by brokers' recommendations. One of the biggest winners was Disney, up $3⅝ at $117⅛ after Mr Alan Gould, analyst with Dean Witter *Reynolds*, reaffirmed his buy rating on the stock, citing improved theme park attendances.

American Stores slumped $2⅞ to $79⅜ in response to a downgrade from Oppenheimer & Co, which predicted a fall in operating income from its supermarket chain.

Two leading over-the-counter *stocks* suffered on negative analysts' comments. Intel dropped $2⅛ to $43 on 5.9m *shares after Donaldson Lufkin* & Jenrette and Merrill Lynch lowered their investment ratings on the computer group. Collagen plunged $2⅜ to $21½m, or 10 per cent, after the sector analyst at Hambrecht & Quist, the San Fran*cisco broking house, slashed* his sales and earnings estimates for the latest quarter.

US Air, the domestic carrier, eased $⅛ to $14⅛ amid concern about the effect of increased competition from rival airline UAL, which has *doubled* its daily flights from Orlando, Florida. UAL was unchanged at $142.

American Express slipped $⅛ to $22⅝ as the market reacted negatively after Standard & Poor's decided to lower its rating on the financial *group's debt because of* problems at the Shearson Lehman broking subsidiary.

Superior Teletec, the telecommunications supplier quoted on the American Stock Exchange, plummeted $1 to $4¼. The company said it would lose a significant share of the telephone cable business as a result of the merger *between Contel and GTE.*

SAO PAULO fell 9 per cent on Monday afternoon when a computer error switched the prices for two of the country's largest groups, Petro*bras and Vale do Rio Doce,* writes Victoria Griffith.

The market began to recover, closing down 4.6 per cent, after traders discovered that the low price was due to a technical error. Yesterday, the Bovespa index resumed *its climb; by midsession it* was up 2.4 per cent at 13,261.

Rio de Janeiro also lost 4 per cent on *Monday*, partly on the São Paulo mix-up and partly on news that the central bank was about to investigate operations at several financial groups.

Canada

TORONTO followed Wall Street higher. The composite index rose 24.60 to 3,490.50 at midday, boosted by the gold *and silver* index which gained 118.20 to 5,418.58, in volume of 10.6m shares. Advances led declines by 207 to 188 with 222 unchanged.

Petro-Canada was the most active stock, with just under 1bn shares traded as it fell C$⅛ to C$12⅝.

Defensive qualities to dominate European summer

Antonia Sharpe reviews the performance of the industrial sectors in the FT-SE Eurotrack 200 index

THE THIRD quarter of 1991, at best, is expected to be a dull affair for the British and continental components of the FT-SE Eurotrack 200 Index.

Car and pharmaceutical issues were the two clear outperformers in a generally uninspiring second quarter; in the third, investors are expected to *opt for shares with defensive* qualities, good dividend cover and some immunity from an economic slowdown in continental Europe. In fact, it was these characteristics which helped pharmaceuticals to outperform the 200 by 7.2 per cent in April/June, the second best showing after the car sector.

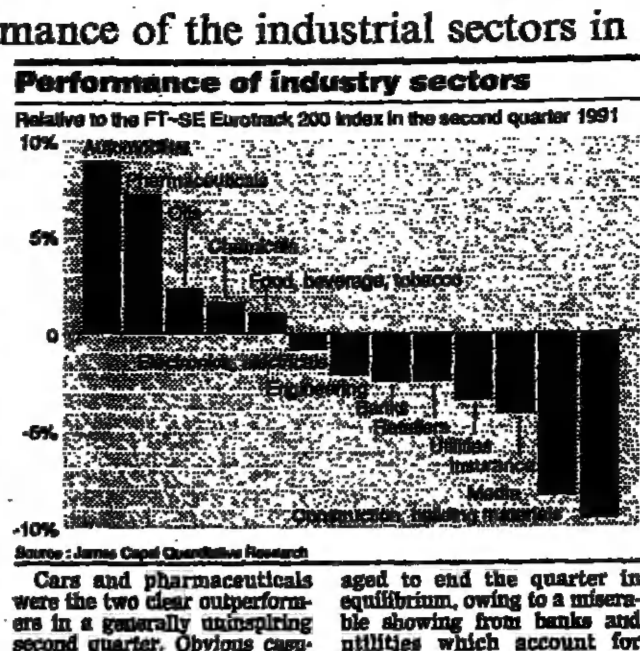
Mr David Bowers, European *sector strategist at Barclays de* Zoete Wedd, believes the food sector is likely to be one of the stars of the summer, citing its solid earnings compared to other industries. He is particularly positive about Unilever, BSN and Nestlé, which together *make up nearly half* of the group's weighting. Foods started to improve in mid-June to end the second quarter with an *outperformance* of 1.1 per cent after more or less matching the index in the earlier stages.

Utilities, which underperformed by 3.4 per cent in the second quarter, could be supported by their high yields in the next three months. "Investors will be selecting equities for their dividend rather than *for capital appreciation,*" says Mr Bowers.

The insurance sector, which trailed the 200 by 4.1 per cent in the second quarter, remains a liability. The prospect of all Italian companies being forced to revalue their property assets for tax purposes is likely to maintain downward pressure on Generali, which accounts for 20 per cent of the sector. Uncertainty about the German stock market in general – as inflation heads for 4 per cent and the withholding tax debate is revived – does not bode well *for Allianz, which makes up* one-third of the sector index.

Performance of industry sectors

Relative to the FT-SE Eurotrack 200 index in the second quarter 1991



Source: James Capel Quantitative Research

Cars and pharmaceuticals were the two clear outperformers in a generally uninspiring second quarter. *Obvious* casualties of the recession – media and construction – collected *the consolation prize.*

The 200 itself barely managed to end the quarter in equilibrium, owing to a miserable showing from banks and utilities which account for almost one-quarter of the index. Currency movements *also played their part.* The Ecu, the index's currency of calcula*tion, was strong* against sterling (up 1.3 per cent), the Swiss franc (up 1 per cent) and the *Spanish* peseta (up 1.8 per cent). Therefore, stocks from those countries would have performed better in their local currency than in Ecu.

A study conducted by James Capel Quantitative Research (JCQR) in Edinburgh shows *that the automobile* sector was the best performer in April/June, outpacing the 200 by 8.9 per cent *on the quarter* but down from a peak of 12.2 per cent on June 26.

Mr Raph de Santos of JCQR says the sector rose at the start of the quarter on expectations of an upturn in the world economy late this year or early in *1992. "Cars were looking* undervalued from a historic price/earnings *perspective*," he says. The sector rally *has* been led by Daimler-Benz, Fiat, Volkswagen and Volvo. But Peugeot remains weak and is still trading on a low historic price/earnings ratio of 6.7.

Bulk chemicals failed to hold on to a relative gain of 4.8 per cent on May 29, and only just outperformed the index by the end of the quarter, thanks to ICI. Shares in the UK blue chip, which accounts for 17 per *cent of the sector*, have been moved by the Hanson stake.

Chemicals, as in the case of cars, had been sought by investors anticipating a turnround in the industry's fortunes, but cautious comments from the companies themselves during the quarter raised fears that share prices had run ahead of themselves.

The quarter's two big disappointments were banks and utilities, which failed to respond to hopes of a cut in interest rates early on. More evidence of bad debts, especially in the UK, and *conversely*, growing fears of a rise in interest rates, especially in Germany towards the end of the quarter, took their toll on banking shares, which underperformed the Eurotrack 200 index by 2.5 per cent.

EUROPE

Yugoslavian crisis awakens fears of flight of capital

THE crisis in Yugoslavia and Germany's domestic problems prompted fears of a flight of capital from Europe. Bourses drifted lower in spite of the previous night's gains in New York, *writes Our Markets Staff.*

On Yugoslavia, Mr David Roche and his co-strategists at *Morgan Stanley said that* instability in eastern Europe could cause a flight of capital from the Continent, a scenario which would particularly affect the D-Mark, the Italian lira and the Austrian schilling.

On Germany, Mr John Lipsky and Mr Thomas Mayer of Salomon Brothers said on Monday that, while they were optimistic about inflation and interest rates in the longer term, the recent constitutional court ruling on taxation of investment income was likely *to trigger an early, once-and-for-all* rise in bond yields.

FRANKFURT saw the Bundesbank's average bond yield rise another 3 basis points, from 8.66 to 8.69 per cent, as the German government increased the yield on its five-year notes, or Bundesobligationen, from 8.30 to 8.52 per cent, reflecting the upward trend of the past few days.

In the equity market, volume improved from Monday's modest DM4.5bn to DM6bn. After a fall of 7.39 to 675.95 in the FAZ index at midsession, the DAX closed 14.70 lower at 1,610.50, after testing 1,600 with a fall to 1,602 *at one stage.*

There had been some surprises, said Mr Detlev Klug of *B Metzler in Frankfurt*, among them the steelmaker, Hoesch, which recovered DM8.50 to DM253 after a DM9.50 fall on Monday. There was London buying of the stock in Monday's post-bourse which, apparently, carried over into yesterday.

Another riser was Herlitz, the stationery products group, which rose DM15 to DM315 on support for companies with a Berlin base. Among the many fallers, *Lufthansa* stood out with a drop of DM4.90 to DM127.10. Later, in Geneva, the International Air Transport Association reported a 4 per cent international traffic decline in May.

VIENNA fell back after Mon*day's brief* recovery, worry about the Yugoslav crisis taking the bourse index down by 5.41 to 643.82. Austrian Airlines moved against the trend, rising Sch28 to Sch2,929.

ZURICH continued to defy Frankfurt's leads, general or individual. The Crédit Suisse index rose another 4.4, or 0.8 per cent, to *538.1, and Swissair* continued its recent advance, gaining SFr8 to SFr860.

Banks firmed ahead of first-half results to be released in the coming weeks. The international penchant for pharmaceuticals, rather than bulk *chemicals, saw Sandoz certifi*cates up SFr50 at SFr2,210, while Roche bearers rose SFr130 to SFr7,650.

PARIS gave back most of the previous day's 25-point gain, as the CAC 40 index fell 22.34 or 1.3 per cent to 1,750.47. A late *spurt of buying helped the* index close above the day's low of 1,743.92, but activity remained modest after Monday's FFr1.5bn.

Elf Aquitaine, the oil group, going ex a FFr12.60 dividend, closed FFr17.20 lower at *FFr356.80 on volume of 364,100* shares. It was one of a large group of stocks moving ex dividend yesterday.

BSN, the food group, was one of the worst performing blue chips, falling FFr24 or 2.7 per cent to FFr874.

MILAN finished lower in sluggish trading on worries *about how the government* would attempt to reduce its deficit. Fears of a civil war in neighbouring Yugoslavia also weighed on prices. The Comit index fell 4.95 to 578.45 in volume up from L66bn to L80bn.

Fiat fell L72 or 1.2 per cent to *L6,201 and dropped to L6,140* after hours on rumours that Italian car sales data for June would show Fiat continuing to lose market share.

The insurance sector remained weak, with Generali down *L670* or 2 per cent at *L32,840 and La Fondiaria off* L725 at L40,300.

STOCKHOLM edged higher after Wall Street's overnight rise. The Affärsvärlden General index added 4.8 to 1,135.5 in light turnover of SKr283m, which was nevertheless almost *double Monday's level.*

COPENHAGEN was encouraged by the rising dollar, and its likely *effect* on the earnings of companies exposed to the US currency. Novo Nordisk picked up DKr8 to DKr480, after news that it is to take over a major part of the biological pest control activities of Solvay of Belgium.

AMSTERDAM ended mixed. The CBS Tendency index closed 0.1 up at 93.2, near the day's high of 93.3. The stronger dollar lifted the international stocks, Royal Dutch rising Fl 1.90 to Fl 161.50 and Unilever Fl 1.70 *to* Fl 165.10.

MADRID eased in quiet trading. The general index shed *0.89 to 275.56*, in turnover of about Pta9bn after Monday's Pta11.2bn. Fecsa, the utility which is the focus of merger speculation, closed Pta23 higher at Pta782.

ISTANBUL was weighed down by the stronger dollar, the market index falling 48.82 to 3,598.79.

FT-SE Eurotrack 100 - Jul 2

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1107.88	1107.19	1107.61	1108.53	1108.43	1108.70	1108.59	1109.86

Day's High 1109.90 Day's Low 1107.09

Jul 1	Jun 28	Jun 27	Jun 26	Jun 25
1112.76	1106.47	1116.92	1114.79	1128.57

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG was quiet as investors awaited news from the ANC's first conference in South Africa for 30 years. The all-gold index rose 11 to 1,411 while the industrial index put on 23 to 3,827. The all-share index added 25 to 3,337.

ASIA PACIFIC

Nikkei falls back on more scandal reports

Tokyo

SHARE PRICES lost steam as the euphoria over the discount rate cut wore off. The Nikkei *average fell in the afternoon* as reports of a fraud scandal hit a vulnerable market, *writes Emiko Terazono in Tokyo.*

The average, which surged 3.5 per cent on Monday, closed down 113.00 at the day's low of 23,995.76. It hit a high of *24,322.44 earlier on buying by* foreigners and arbitrageurs.

Volume remained low, at 320m shares against 330m. Declines led advances by 493 to 451, with 193 issues unchanged. The Topix index of all first section stocks lost 2.00 at 1,866.12, *and in London the ISE/Nikkei* 50 index shed 1.11 to 1,408.38.

The overnight rebound on Wall Street encouraged foreign buying in the morning, but afternoon reports of the arrest on fraud charges of a former official at a trading company triggered a sell-off.

Reports that the police were investigating a leading brokerage's involvement in stock price manipulation also unnerved market participants. Traders said sentiment, which had improved on the discount rate cut, had rapidly deteriorated again.

Big issues retreated on profit-taking, Nippon Steel by Y5 to Y419 and Mitsubishi Heavy Industries by Y7 to Y727. Sony declined Y50 to Y6,440 on small-lot profit-taking. The issue had been strong recently on reports that a stock split would be made in the autumn.

Akai Electric, a medium-sized audio company, fell Y30 *to Y1,260. The Tokyo Stock* Exchange said it was placing the stock on its watch list, *because of its volatility.*

International blue chips moved higher on buying by trust banks and foreigners. NEC rose Y40 to Y1,480 and *Casio Computer* Y10 to Y1,510. Technology issues were also in demand, TDK adding Y150 at *Y6,250 and Fuji Photo Film* Y60 at Y3,570.

Tokai Carbon and Toyo Carbon were sought at the opening on their merger plans for next year. Investors were encouraged by the prospect of the new company having more than *30* per cent of the domestic market share in furnace electrodes. Toyo Carbon closed Y100 higher at Y650, but Tokai Carbon finished down Y53 at Y760 after profit-taking.

In Osaka, the OSE average gained a modest 7.06 at 26,936.80 on volume of 21m shares, up from 17m. Some engineering and electric machinery issues firmed. Mitsumi Electric, an electronic parts maker, put on Y10 to Y1,740 on buying by trust banks.

Nintendo, the game maker, receded Y100 to Y13,500 after *falling to break through* Y13,700. Concern over the stock's margin position prompted profit-taking.

Roundup

NEW YORK'S overnight surge boosted some, but not all, Pacific Rim markets yesterday.

NEW ZEALAND jumped 3.7 per cent, its biggest one-day gain since February 7, as stronger world markets and a weaker local currency sparked foreign buying. The Barclays index closed 52.45 higher at 1,473.99 amid heavy volume of NZ$16.7m, after NZ$13.4m.

AUSTRALIA firmed *1.4* per cent on domestic and overseas buying. The All Ordinaries index closed at 1,543.2, up 21.2, after peaking at 1,547.5. Volume vaulted to A$314m from A$197m. Boral, the construction materials group, rose 7 cents to A$3.37 in spite of its forecast yesterday of a 35 per cent drop in full year profits.

HONG KONG ended off the day's highs. The Hang Seng index was finally 84.06 ahead at 3,772.91 after reaching 3,790.89. Volume expanded to HK$1.99bn, the heaviest since early April, from HK$1.56bn.

SINGAPORE ran into profit-taking. The Straits Times Industrial index climbed 15 points before closing at 1,512.13, up 13.4. Volume was steady at S$88.06m.

BANGKOK suffered its second largest plunge since the February 23 military coup following this week's interest rate rise. The SET index fell 26.86 or 3.35 per cent to 789.54 on thin turnover of 2.55bn baht.

TAIWAN returned from Monday's holiday to heavy selling in the finance sector. The weighted index fell 154.98 or 2.7 per cent to 5,513.10. Turnover was light at T$80.27bn. SEOUL *fell in reaction to last week's* gains. The composite index lost 5.25 at 611.65 in active volume of Won155.4bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 1 1991								FRIDAY JUNE 28 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (70)	141.77	+0.8	130.15	123.98	134.30	122.98	+1.0	5.23	140.58	128.74	122.64	132.62	121.69	147.90	112.74	141.62
Austria (20)	177.28	+1.0	162.74	155.04	167.93	167.00	+1.0	1.68	175.89	160.75	153.09	165.61	165.31	222.37	167.50	205.25
Belgium (49)	125.61	+0.1	115.31	109.84	118.95	118.70	+0.3	5.10	125.43	114.86	109.33	118.32	118.26	151.20	121.73	152.22
Canada (115)	138.35	−0.1	127.01	120.99	131.04	114.61	+0.0	3.40	138.47	126.81	120.70	130.62	114.61	142.27	126.46	155.11
Denmark (37)	236.59	−0.4	217.19	206.91	224.11	225.89	+0.1	1.58	237.57	217.56	207.08	224.11	225.61	270.56	217.74	256.99
Finland (16)	92.93	−3.5	85.31	81.28	88.03	83.64	−3.3	2.88	98.30	88.16	85.94	90.84	89.51	125.15	90.81	126.36
France (114)	125.14	+0.6	114.88	109.43	118.53	121.11	+1.0	3.65	124.33	113.86	108.37	117.28	119.59	152.26	121.06	151.06
Germany (65)	103.87	−0.1	95.38	90.85	98.39	98.39	+0.3	2.28	103.96	95.21	90.66	98.06	98.06	125.56	102.44	136.65
Hong Kong (55)	155.64	+1.9	142.88	136.11	147.44	155.17	+1.9	4.89	152.71	139.84	133.11	144.06	152.24	161.77	119.52	137.59
Ireland (16)	142.55	−0.3	130.86	124.66	135.03	136.40	−0.1	3.75	142.96	130.91	124.61	134.85	136.61	162.46	132.66	160.67
Italy (77)	73.36	−1.0	67.34	64.15	69.48	74.19	−0.5	3.16	74.09	67.85	64.58	69.89	74.59	88.23	72.06	107.17
Japan (474)	131.56	+2.4	120.77	115.05	124.64	115.05	+2.6	0.73	128.42	117.60	111.94	121.16	111.96	146.67	118.35	146.66
Malaysia (68)	232.47	−0.4	213.41	203.30	220.20	249.71	−0.3	2.81	232.96	213.71	203.42	220.15	250.41	247.78	192.80	220.24
Mexico (16)	979.40	−0.7	899.10	856.52	927.74	3229.07	−0.7	1.66	988.62	905.49	860.03	930.73	3252.56	1079.72	664.45	601.62
Netherland (31)	131.56	+0.1	120.79	115.07	124.64	123.17	+0.5	4.35	131.46	120.39	114.59	124.02	122.55	146.73	128.70	142.19
New Zealand (13)	46.93	−1.8	43.08	41.04	44.45	43.41	−1.2	8.09	47.66	43.67	41.57	44.99	43.92	54.64	41.18	65.48
Norway (32)	187.11	+0.1	171.77	163.63	177.24	178.74	+0.4	1.83	186.90	171.15	162.92	176.32	178.57	223.24	162.24	236.29
Singapore (38)	193.14	+0.5	177.31	168.91	182.95	157.27	+0.4	2.15	192.14	175.96	167.49	181.26	156.66	206.26	151.62	200.25
South Africa (61)	227.47	−0.1	208.82	198.93	215.47	168.47	+0.2	3.31	227.71	208.53	198.49	214.80	169.09	226.46	173.00	176.06
Spain (55)	145.25	+0.0	133.34	127.03	137.59	125.33	+0.2	4.25	145.27	133.09	126.84	137.04	125.02	171.12	151.61	172.17
Sweden (26)	186.42	−0.1	171.13	163.03	176.59	180.90	+0.0	2.45	186.57	170.86	162.64	176.01	180.88	204.12	146.60	226.77
Switzerland (58)	87.82	+0.6	80.62	76.81	83.20	85.24	+1.0	2.28	87.39	80.02	76.18	82.48	84.41	100.87	82.17	106.80
United Kingdom (240)	157.65	+0.9	144.73	137.87	149.33	144.73	+1.1	5.07	156.33	143.15	136.28	147.46	143.15	167.44	135.27	159.28
USA (526)	152.88	+1.8	140.32	133.68	144.80	152.86	+1.8	3.16	150.13	137.48	130.86	141.84	150.13	168.24	128.96	145.29
Europe (838)	128.76	+0.4	118.20	112.60	121.97	120.33	+0.7	3.96	128.28	117.48	111.80	121.09	118.48	161.62	126.60	152.16
Nordic (111)	177.83	−0.3	163.25	155.52	168.45	164.47	+0.0	1.96	178.38	163.35	155.49	168.29	164.50	209.61	155.56	210.91
Pacific Basin (718)	132.38	+2.3	121.53	115.78	125.40	116.29	+2.6	1.10	129.41	118.51	112.81	122.08	119.33	146.92	117.56	147.86
Euro–Pacific (1556)	131.28	+1.5	120.52	114.80	124.35	118.78	+1.9	2.21	129.26	118.39	112.66	121.95	118.91	147.86	121.29	150.00
North America (641)	151.87	+1.7	139.42	132.83	143.89	150.27	+1.7	3.18	149.32	136.74	130.18	140.80	147.74	157.04	128.91	144.76
Europe Ex. UK (598)	111.07	+0.1	101.97	97.16	105.24	106.04	+0.4	3.16	111.00	101.66	96.76	104.74	106.56	129.80	106.88	140.32
Pacific Ex. Japan (244)	140.29	+0.9	128.79	122.71	132.90	126.28	+1.0	4.81	139.02	127.31	121.26	131.16	128.00	148.48	111.40	167.50
World Ex. US (1748)	132.99	+1.4	122.09	116.31	125.98	118.88	+1.6	2.27	131.09	120.06	114.29	123.67	117.52	148.16	122.92	150.07
World Ex. UK (2034)	136.84	+1.7	125.62	119.68	129.64	128.69	+1.8	2.24	134.61	123.27	117.34	127.00	126.35	148.77	120.06	148.06
World Ex. So. Af. (2213)	138.12	+1.8	126.80	120.80	130.85	129.96	+1.6	2.59	135.94	124.49	118.51	128.25	127.67	146.88	122.92	147.06
World Ex. Japan (1800)	143.76	+1.2	131.99	125.78	136.22	138.45	+1.3	3.61	142.12	130.15	123.90	134.08	136.66	152.83	128.59	147.26
The World Index (2274)	138.69	+1.6	127.32	121.30	131.39	130.27	+1.6	2.60	135.54	125.03	119.02	128.81	127.50	149.01	123.28	147.23

Canadian market closed July 1. Latest prices were unavailable for this edition.